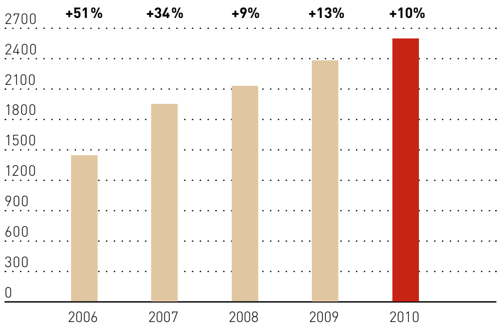
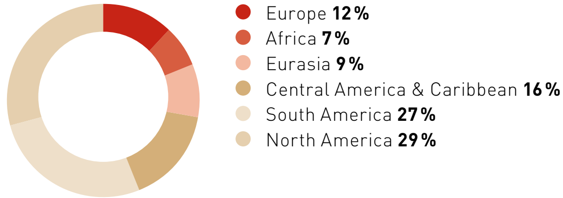
DUFRY

ANNUAL REPORT 2010

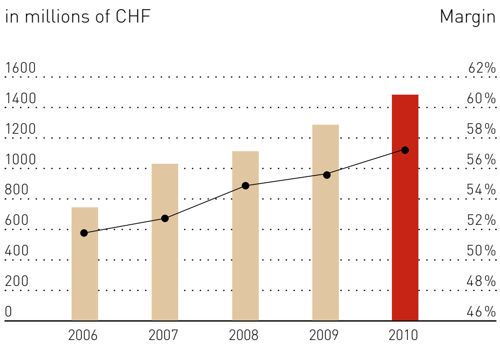
TURNOVER
in millions of CHF



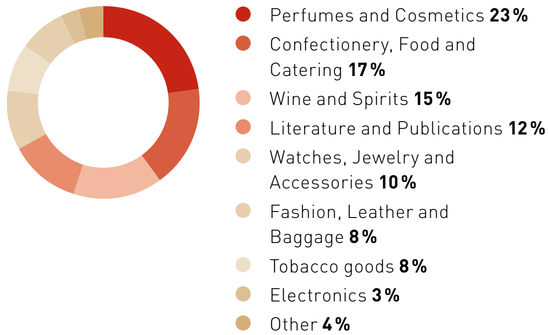
NET SALES BY REGION 2010



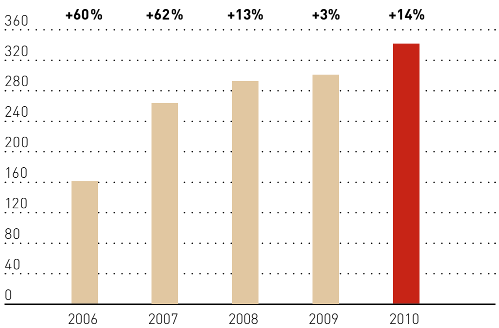
GROSS PROFIT
in millions of CHF



NET SALES BY PRODUCT CATEGORIES 2010

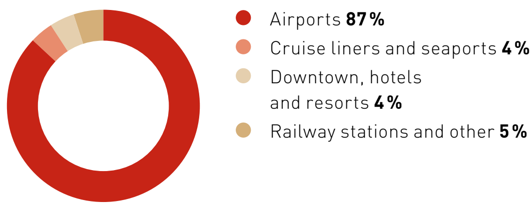


EBITDA[1]
in millions of CHF

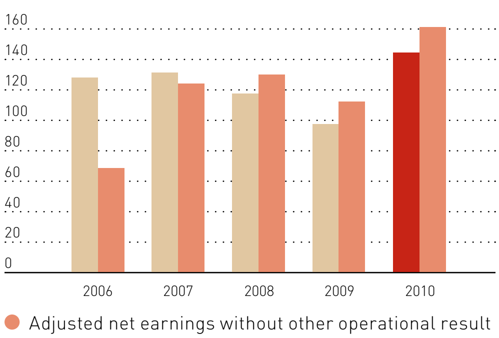


[1] EBITDA before other operational result

NET SALES BY CHANNEL 2010



NET EARNINGS
in millions of CHF



C08
COMPANY REPORT

F83
FINANCIAL REPORT

I168
OTHER INFORMATION

MILAN

ITALY

BEN VE NUTI

WELCOME

EUROPE

– Presence in Italy, France, Spain, Switzerland, Netherlands, Greece, Czech Republic
– Over 20,300 m² sales area
– 109 shops
– Net sales 2010 CHF 306 million
– 1,018 employees, including 123 in Corporate Headquarters

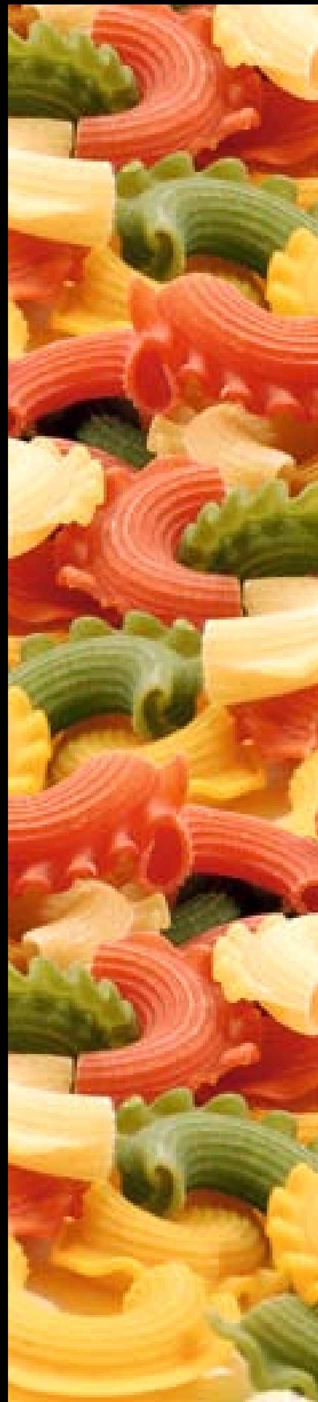
TUNIS

TUNISIA

WELCOME

AFRICA

– Presence in Tunisia, Egypt, Algeria, Morocco, Ghana, Ivory Coast
– Over 9,800 m^2 sales area
– 46 shops
– Net sales 2010 CHF 182 million
– 964 employees



MILAN MALPENSA AIRPORT

DUTY PAID STORE – WALK-THROUGH SHOP

- Located at the Departure area Schengen Terminal 1 of Milan Malpensa Airport
- Shop established in 1998; restyled in 2006
- About 1,450 m^2 of sales area
- 35 employees
- Widest selection of perfumes and cosmetics, food & beverages, spirits, chocolate & confectionary products, textile & leather goods, and many more
- About 500 brands on offer

TUNIS CARTHAGE INTERNATIONAL AIRPORT

DUTY FREE STORE – SPECIALIZED WINE CELLAR

- Located at the Arrival area Terminal 1 of Tunis Carthage International Airport
- Shop established in 2010
- About 56 m^2 of sales area
- 3 employees
- Selection of wines from Australia, France, Italy, New Zealand, South Africa and Spain
- Offering covers wine from 16 different vineyards

CHAIRMAN OF THE BOARD OF DIRECTORS
ANOTHER YEAR OF PROFITABLE GROWTH

DEAR SHAREHOLDERS

In 2010, Dufry delivered once more on its strategy of profitable growth in a year that started with a high degree of uncertainty on the development of the global economy but turned out to be solidly positive. For the year, Dufry achieved a turnover growth on constant FX rates of 14.8%, and EBITDA on constant FX rates grew by 19.2%. The good performance is even more apparent at net earnings level, which increased by 48.8% to CHF 144.8 million in the period.

After a bleak 2009, the travel related industries in general, and Dufry in particular, saw a solid recovery throughout 2010. Given that the global economy has developed unevenly, the positive performance demonstrates the resilience of Dufry's business as well as the value of a diversified portfolio of operations focusing on emerging markets and tourist destinations. Whereas the recovery in developed countries was influenced by uncertainty regarding high sovereign debt levels and a softening of the US Dollar and the Euro, emerging markets recovered more swiftly and proved to be the drivers of the global economic development in 2010. Dufry was able to capture these positive trends, most notably in South America, where we had spectacular growth of 40%. In Asia, we opened our first shops in Shanghai, China, in the first quarter of 2010. With this move, we have established a platform for further growth in the region, which is likely to become one of the most relevant travel markets over the next decade.

In April 2010, we concluded the merger of Dufry South America into Dufry AG, with the amalgamation of both shareholding positions. At the same time, Dufry AG listed its shares in the form of Brazilian Depositary Receipts (BDRs) with BM&FBovespa, the most important stock exchange in Latin America, reflecting its commitment to Brazilian and Latin American investors.

Thanks to the broader shareholder base, higher free float, simplified corporate structure and the significantly increased liquidity in its shares, Dufry has been able to place itself on the radar screen of a new segment of investors focusing on emerging markets or global corporations. In 2010, the Dufry share price climbed 79% versus a 3% increase in the SPI and Dufry's BDRs appreciated by 47% in local currency, compared to the local index remaining flat (–0.1%) since their listing in April 2010. With this share price increase, Dufry reached a market capitalization of CHF 3,400 million as per December 31, 2010, and the positive performance reflects Dufry's clear strategic focus and delivery of results stemming from its strong execution skills.

Our strategy of profitable growth will remain unchanged and we will continue to consolidate the industry and further expand our leading position through organic and external growth. We are convinced, that our strategy of diversification and focus on emerging markets and tourist destinations will continue to be successful as the outlook for the global travel retail industry shows a great potential for growth, particularly in emerging markets.

According to independent research institutes, estimates point to a continuous growth in passenger numbers – both in the short- and medium-term as well as in the long-term. Accordingly, we will try to seize all the opportunities within the industry in order to profitably grow our business even more.

In 2010, Dufry continued, as usual, to sponsor social responsibility programs. Through a partnership with the "Swiss Friends of the SOS Children's Villages Foundation", Dufry has funded the construction and finances the running and training classes of a social center in Igarassu, Brazil. Today, this center provides a feeling of security and home to more than 600 people including infants, young children, teenagers and their mothers. Additionally, we have supported another important project in Brazil for over 15 years by offering professional education to thirty disadvantaged young people every year. Our goal next year is to expand this project to other Brazilian cities, reinforcing our social commitment with youth and supporting opportunities for the underprivileged.

Dufry has confirmed the old thesis that strong players will emerge from a crisis even stronger. On behalf of all members of Dufry's Board of Directors, I would like to thank the executive officers, the management and all our employees for their outstanding commitment to delivering sustainable growth as well as adding value to our shareholders. I would also like to express my gratitude to our shareholders for their trust in Dufry. We confirm our commitment to developing Dufry Group into the leading and most profitable player in the industry.

Sincerely,

Juan Carlos Torres Carretero

CHIEF EXECUTIVE OFFICER
GETTING STRONGER EVERY YEAR

DEAR ALL

In 2010 Dufry has confirmed again the strength of our profitable growth strategy in many respects: We increased turnover by 15% in local currencies and also improved our operational performance with an EBITDA increase of 19% on constant FX rates.

After translation into Swiss Franc, reported turnover grew by 9.7% to CHF 2,610.2 million. Organic (like-for-like) growth was the main driver contributing 10%, and net new concessions and expansions contributed another 5%. The translation effect of converting into Swiss Franc was negative 5%.

With Gross Margin standing at 57.5% in 2010, we achieved a further strong improvement of 1.6 percentage points due to the first results from projects related to the "Dufry plus One" initiative and due to better terms agreed through the global negotiations with suppliers.

Measured in Swiss Franc, EBITDA increased by 13.9% to CHF 343.1 million, with EBITDA margin reaching 13.1%, an increase of 0.4 percentage points. Last but not least, we also improved net earnings by 48.8% to CHF 144.8 million.

In 2010 we successfully resumed our growth plans in line with our long-term strategy. Following the challenges posed in 2009, the economic environment started to gradually improve in early 2010 and gained traction during the year thanks to the swift and substantial recovery of the emerging markets.

The higher passenger numbers, coupled with the efficiency and productivity gains that we could implement as part of the Dufry plus One and One Dufry initiatives, were the main drivers that led to our strong top-line growth.

At the same time, we continued to expand our operations, in line with our strategy. In total, we added net commercial space of 8,760 m^2 or 6% of existing space through the opening of 155 new shops and the expansion of further stores. One of the highlights in this respect was the opening of our first shops in Shanghai, China. In March 2010, we opened 16 duty paid brand boutiques with a total retail space of 1,191 m^2, in the new West Terminal of Hongqiao International Airport. The shops include first class international brands, such as Bvlgari, Cartier, Dunhill, Hermès, Lacoste, L'Occitane, Polo Ralph Lauren, Samsonite, Swarovski, just to name a few. As the first international travel retailer operating in mainland China, it is a great platform to develop our business further in that region of the world.

Equally important was the continuation of the international Hudson News roll-out. At the end of 2010, we operated a total of 610 Hudson News shops, of which 74 were outside the USA and Canada. This network of international Hudson News shops includes locations in

Switzerland, Italy, Serbia, Russia, Singapore, Puerto Rico, Dominican Republic and Mexico. Last but not least, we also expanded our existing footprint and expanded our retail space in France, Egypt, Morocco, Russia, Serbia, Brazil, USA and Canada.

The development in 2010, as well as the medium-term expectations, confirms our strategy we defined back in 2004 focusing on emerging markets and tourist destinations. Furthermore, the regional diversification of Dufry has again proven to be key to risk management, not only because of diverging economic performance but also looking at other events, such as the volcano ash cloud in April, and the heavy snow falls in the northern hemisphere, to name a few.

Hence, the strong results of 2010 need to be seen in the light of our continued efforts in the past years. Whereas the implementation of the Efficiency Plan in 2009 focused on cash generation and safeguarding our profitability, in 2010, we capitalized on our execution capabilities and flexibility, and grew organically as well as through new business opportunities. As a result, we consolidated our global leading position in the travel retail industry not only in terms of turnover but also in terms of profitability.

Another important event for Dufry in 2010 was the merger of Dufry AG and Dufry South America. The transaction has had a very positive impact on the free float of our shares and the market capitalization, and it has also simplified the corporate structure and the day-to-day management considerably. Furthermore, from a strategic perspective, the merger has increased Dufry's strategic flexibility to pursue growth opportunities globally and in Latin America.

During the past seven years, we have successfully implemented our strategy of profitable growth. We are dedicated to continue with this strategy and in order to do so, we are convinced that Dufry as an organization needs to develop as we grow. Our goal is to be at the forefront of our industry by building on our expertise, exploring new ideas and further improving our execution capabilities. As commented throughout 2010, we have launched two initiatives with a three years horizon and comprising more than 50 different projects, which will be key to further develop our business and to drive productivity: "Dufry Plus One" and "One Dufry".

The "Dufry Plus One" initiative aims to drive organic growth through productivity improvements and gross margin increases, and improving customer satisfaction. The initiative entails a combination of interconnected projects across all operational functions, such as Retail, Marketing, Customer Service, Procurement, Logistics, and Business Development.

The other key initiative, "One Dufry", has been designed to create sustainable value through risk management and improved efficiency, and simultaneously providing the tools to develop the business in each responsibility and management position. The main objective of One Dufry is to get better information quicker to facilitate and increase the quality of the decision-making processes. Key projects include the further development of the IT landscape, employee development programs in Human Resources, further integration of cash management, a tax planning review and insurance management to name a few.

Our employees are our most important asset and to train and develop them is key to the success of our Group. After all, it is them who make our vision, to become the most innovative and successful travel retail company, happen. We employ people from more than 70 nationalities across the Group, and we believe this cultural diversity is a unique competitive advantage. The launch of various training and HR development programs as part of the "Dufry Plus One" and "One Dufry" initiatives reflects these efforts.

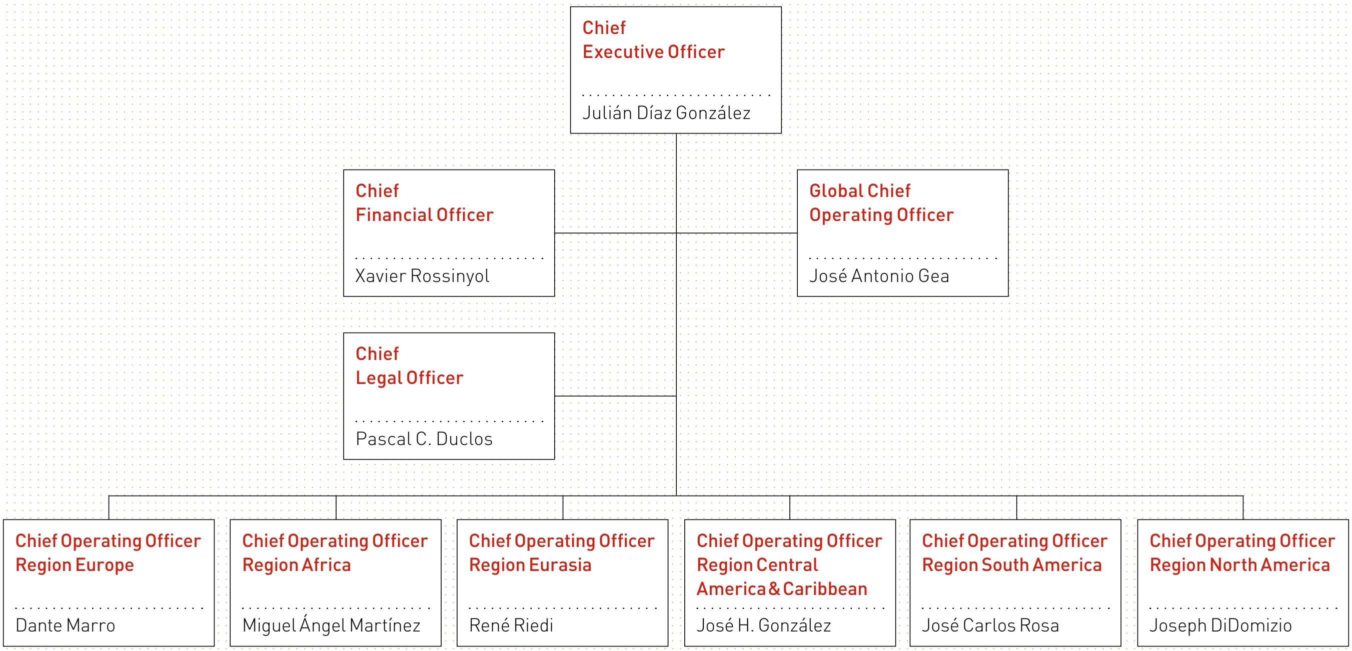
The outlook for 2011 and beyond remains positive: Global passenger growth in the short- and medium-term is forecasted to be in the 4–5% range. We expect growth rates in the first quarters of 2011 to moderate somewhat compared to 2010 due to the comparables being stronger, but nevertheless, we are dedicated to grow organically over and beyond passenger growth by adding productivity gains.

Various events in the past quarters have showed again the benefits of a diversified concession portfolio like the one of Dufry. Also, our higher exposure to emerging markets positions us well to benefit from the higher expected growth in these regions. With more than 60% of our turnover stemming from emerging markets, we are determined to capture the positive momentum in those markets and we also have the expertise and capacity to grow our presence further.

To achieve the results in 2010 has only been possible thanks to the commitment and trust of our Board of Directors that has supported us along the years. I would also like to thank our employees for their effort and dedication and our business partners and our shareholders worldwide for their cooperation and interest in Dufry. Finally, I would like to express my gratitude to our customers for choosing Dufry.

We will continue to work hard to give you a unique shopping experience whenever and wherever you are traveling.

Julián Díaz González


Chief Executive Officer
Julián Díaz González
Chief Financial Officer
Xavier Rossinyol
Global Chief Operating Officer
José Antonio Gea
Chief Legal Officer
Pascal C. Duclos
Chief Operating Officer Region Europe
Dante Marro
Chief Operating Officer Region Africa
Miguel Ángel Martínez
Chief Operating Officer Region Eurasia
René Riedi
Chief Operating Officer Region Central America & Caribbean
José H. González
Chief Operating Officer Region South America
José Carlos Rosa
Chief Operating Officer Region North America
Joseph DiDomizio

GROUP EXECUTIVE COMMITTEE

Julián Díaz González, Pascal C. Duclos, René Riedi, Dante Marro, José Carlos Rosa,
José Antonio Gea, Xavier Rossinyol, Joseph DiDomizio, José H. González, Miguel Ángel Martínez






BOARD OF DIRECTORS

Juan Carlos Torres Carretero, Ernest George Bachrach, James Cohen, Maurizio Mauro, Jorge Born
Joaquín Moya-Angeler Cabrera, Mario Fontana, Andrés Holzer Neuman, Steve Tadler, Xavier Bouton, José Lucas Ferreira de Melo






SHANGHAI

CHINA

欢迎

WELCOME

EURASIA

– Presence in Russian Federation, United Arab Emirates, Singapore, China, Cambodia, Serbia
– Over 11,600 m^2 sales area
– 73 shops
– Net sales 2010 CHF 225 million
– 933 employees

SAN JUAN

PUERTO RICO

BIENVENIDOS

WELCOME

CENTRAL AMERICA & CARIBBEAN

– Presence in Mexico, Caribbean Islands, Nicaragua, Honduras, on-board Norwegian Cruise Lines
– Over 46,600 m² sales area
– 231 shops
– Net sales 2010 CHF 396 million
– 2,320 employees

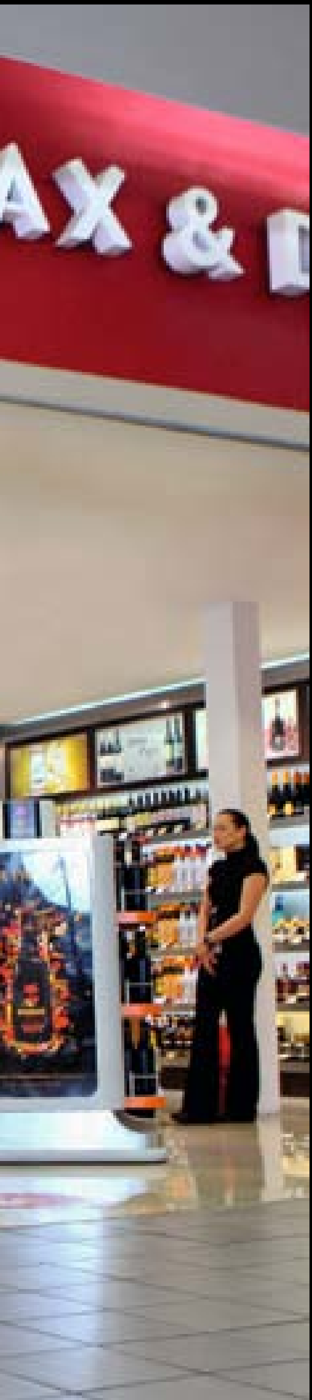
SHANGHAI HONGQIAO INTERNATIONAL AIRPORT

BRAND BOUTIQUE – NEW HERMÈS BOUTIQUE

- Located at the Departure area Wing 5 of Shanghai Hongqiao International Airport
- Shop established in 2010
- About 95 m^2 of sales area
- 8 employees
- Vast selection of Hermès products including men's cloths, leather and fashion accessories, shoes, perfumes, watches and jewelry, and many more

AEROPUERTO INTERNACIONAL LUIS MUÑOZ MARIN, SAN JUAN PUERTO RICO

DUTY FREE STORE



- Located at the Departure area of San Juan International Airport
- Shop established in 2009
- About 112 m^2 of sales area
- 10 employees
- Offerings include a wide selection of spirits, liquor, food, tobacco goods
- Over 100 brands on offer

DUFRY BUSINESS MODEL
CREATING VALUE FOR OUR STAKEHOLDERS

ATTRACTIVE FUNDAMENTALS

GROWTH STRATEGY

- Strategy of profitable growth
- Focus on emerging markets and tourist destinations
- Dufry has grown 21% per year on average during 2003–2010

LEADING TRAVEL RETAILER WITH GLOBAL FOOTPRINT

- Dufry is the leading travel retailer in the industry
- More than 1,140 shops in 41 countries

TRAVEL RETAIL EXPERTISE

- Dufry has 60 years of travel retail experience
- Operates different shop formats to capture full potential of each location
- Combines local aspects of operations with global best practices

CONCESSION PORTFOLIO AND SUPPLIER RELATIONSHIPS

- Broadly diversified and with an above average duration
- Longstanding relationships with suppliers
- Providing a full range of international brands

SPECIALTY RETAIL WITH INTERESTING CHARACTERISTICS

- Worldwide passenger numbers are expected to grow around 4% p.a. in the next 10 years
- Convenience is an important driver
- No substitution threats through e.g. internet

DUFRY ACROSS THE WORLD

1.5+ BILLION
POTENTIAL CUSTOMERS
- Tailored retail concepts
- Complete customer service

11,892
EMPLOYEES
- Cultural diversity
- Employer of choice

1,500
SUPPLIERS
- Window display for international brands

OVER 1,500
SHAREHOLDERS
- Sustainable returns
- Superior profitability

143
AIRPORT AUTHORITIES & LANDLORDS
- High quality concessions portfolio

SIX
REGIONS
- A global reach

ONE
DUFRY
- Social responsibility

SHOPS

GENERAL TRAVEL RETAIL SHOP
→ON PAGE 22

WALK-THROUGH SHOP
→ON PAGE 4 AND 42

BRAND BOUTIQUE
→ON PAGE 20

NEWS & CONVENIENCE STORE
→ON PAGE 44

SPECIALIZED SHOP
→ON PAGE 6

SERVING OUR CUSTOMERS

With a potential of more than 1.5 billion international and domestic travelers going through the airports and locations where Dufry operates, we welcome many different nationalities and people with different styles in our shops. In order to provide them the best assortment and service possible, we design and build attractive commercial areas using different retail concepts, and customizing them to the needs of the passengers in each specific location.

In order to create the most attractive and diverse commercial space for our customers, we analyse the customers' profile and the specific setup of the location including important parameters like departure / arrival or duty free / duty paid, to set up the right combination of general travel retail shops and boutiques within any given space, and to select the right brands from the broad range available in our portfolios.

During fiscal year 2010, Dufry added more than 8,760 m^2 of net retail space in duty free and / or duty paid shops to its existing portfolio.

OUR RETAIL CONCEPTS – TAILORED TO CUSTOMERS' NEEDS

GENERAL TRAVEL RETAIL SHOPS

These shops are either duty free or duty paid shops, located in both, the arrival and departure areas in airports. The offer includes the largest selection of different products and covers a range of product categories, such as perfumes & cosmetics, food & confectionary, wine & spirits, tobacco goods, and accessories. In each location, the shop-layout, product assortment and operations are customized to ensure the highest attractiveness to the respective customer profiles and spending patterns. As an example, since 2005 we have implemented "walk-through" shops in 11 locations, a particular design where the entire passenger flow goes directly through the shop on its way to the departure gate.

BRAND BOUTIQUES

We operate brand boutiques of some of the most prestigious brands like Armani, Bvlgari, DKNY, Dolce&Gabbana, Ferragamo, Hermès, Lacoste, Mont Blanc, Versace, Victoria's Secret or Zegna. They are either found as stand-alone boutiques or integrated as a shop-in-shop concept within general stores. The boutiques carry a single, global brand and mirror the look-and-feel of the high street shops of the respective brands, thus increasing recognition and positioning of the brand and allowing the customers to shop in an entirely familiar ambience.

One of the main developments during 2010 was at Hongqiao Airport in Shanghai, where we entered the Chinese travel retail market with the opening of 16 branded shops in one wing of the airport, effectively creating a departure shopping mall offering pure luxury.

NEWS AND CONVENIENCE STORES

These duty paid stores offer a core assortment of newspapers, magazines and books, which are complemented by a broad range of convenience products, such as soft drinks, confectionary, travel accessories and electronics, or personal care items and souvenirs.

The shops are designed in a way that customers can buy quickly their preferred reading and get a grab to bite on the go, or cruise with leisure through the shop. Like all our retail concepts, also the News & Convenience store is designed by putting the needs of our customers first. When traveling, time is often of essence and clear presentation and strong visualisation give the traveler a strong incentive to buy.

Initially present in the United States and Canada, we operate these stores under the "Hudson News" brand. In 2009, Dufry started to roll-out the Hudson News concept to other parts of the world and by the end of 2010, we operated Hudson News stores in 10 countries in all our regions. Apart from the USA and Canada, we opened shops in Puerto Rico, Dominican Republic, Mexico, Italy, Switzerland, Singapore, Russia, Serbia, and in 2011, we will add Guadeloupe and Sharjah.

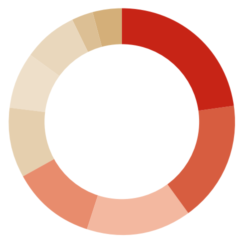
Altogether, a total of 82 new stores were opened during fiscal year 2010 and we will continue to expand this highly successful concept during 2011 to more airports, railway stations and other travel locations across the world.

SPECIALIZED SHOPS

In particular markets, we aim to capture the full potential by operating specialized shop concepts. These are boutiques that offer a variety of different brands on one specific product category. One of our main concepts is Colombian Emeralds International (CEI), which is a dedicated watches & jewelry format focused on the Caribbean market.

Like our other shop formats, we adapt each store to reflect the particular location at airports, seaports, hotels or downtown locations. Be it jewelry, wine, cigars or the smell and assortment of chocolate: Shopping at each one of these specialized stores leaves an unforgettable experience with our customers.

NET SALES BY PRODUCT CATEGORIES 2010



- Perfumes and Cosmetics **23%**
- Confectionery, Food and Catering **17%**
- Wine and Spirits **15%**
- Literature and Publications **12%**
- Watches, Jewelry and Accessories **10%**
- Fashion, Leather and Baggage **8%**
- Tobacco goods **8%**
- Electronics **3%**
- Other **4%**

DUFRY CUSTOMER SERVICE

A SMILE THAT GOES AROUND THE WORLD – DUFRY CUSTOMER SERVICE

Sometimes people hesitate to make purchases because they are in a foreign country away from home, or because they are not sure about customs regulations. To facilitate the decision making process for our customers, we have therefore created a unique Global Customer Service that spans across the entire shopping cycle and supports and covers our customers before, during, and after their purchasing.

Before traveling and visiting our shops, our customers can access custom allowance regulations for over 240 countries, and in certain countries pre-order their purchases through our website www.dufry.com or through our call centre.

When visiting our shops, our sales people will help our customers and identify their products of choice and assist them in selecting the right product. We also use clear signage for our customers to identify promotions or items with discounts, from which they can benefit.

Unique for the travel retail industry, we have introduced a customer guarantee in case the product is not satisfactory: Irrespective where the customer has bought the product, we guarantee to replace or to refund any product within 30 days. The guarantee to refund gives comfort to our customers, even if they buy products at a location, where they may not return soon again.

The idea of our customer service is simple: we want to give our customers the comfort that they have made the right purchasing decision and that they can rely on Dufry and its global organisation as a trusted retailer, whichever Dufry shop they are visiting in the world.

Our website is a key element in our communication with the customers and for any pre- and post-sales services. In September 2010, Dufry launched its new website to further broaden the accessibility to our customers. The portal integrates all aspects of the company and offers valuable information and services. Being available in Chinese, English, French, German, Portuguese and Spanish, it reflects the worldwide presence and activities of Dufry Group. The website does not only portray the company's global activities and corporate strategy in a clear and distinctive way, but it also serves as pre-sales information platform: The pre-order service for Brazilian customers is planned to be expanded internationally in the near future. Another planned feature of the portal is the introduction of an international web store.

EMPLOYEES – THE HEART OF DUFRY

It is our employees, who make our goal, to be the most innovative and successful travel retail company, happen – day after day. Our teams anywhere in the world, are dedicated to support our customers in their decision-making process and to help them find the right product within a vast selection of brands and assortments offered in our stores, and to offer them additional products that they may be interested in.

OVER 70 NATIONALITIES – A UNIQUE CULTURAL DIVERSITY

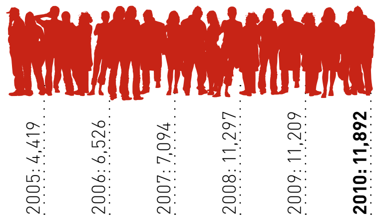
Our Group employs people from more than 70 nationalities across all functions. We view this broad cultural diversity as a strong competitive advantage. In combination with our worldwide customer base, it also creates an interesting and truly international working environment for our 11,892 employees that we employed at the end of 2010.

As part of Dufry's profitable growth strategy, we launched the "Dufry Plus One" initiative at the beginning of 2010. Dufry Plus One includes several connected projects, which are all intended to drive customer satisfaction and spending as well as Dufry's operational efficiency. In relation to our workforce, we are investing in our people's development and engagement on the shop floor by providing them quality training in relevant areas such as customer service and sales techniques.

All training is delivered by Dufry personnel, who go through specific training themselves to qualify as Dufry Certified Trainers. In 2010, 119 Dufry Certified Trainers were trained, who in turn delivered training to 2,575 Dufry sales professionals in 25 countries. The training will continue in 2011 with the aim that by 2012, all our sales professionals will have been certified.

As for the "One Dufry" initiative, intended to drive efficiency and productivity on the backoffice and resources area, we have started a Global Trainee Program recently. The program is designed for graduates, who can get a first working experience abroad. For Dufry, it is an excellent platform to promote our company as an attractive employer with international career opportunities as well as to identify high profile candidates.

EMPLOYEES



Europe **9%**

Africa **8%**

Eurasia **8%**

Central America & Caribbean **19%**

South America **17%**

North America **39%**

IDENTIFYING AND DEVELOPING LEADERSHIP PERSONALITIES

Dufry has a long-term view on employee development and strongly believes in growing the management potential existing within the Group through training and development. Three years ago, Dufry launched project "Leader" that is designed to broaden leadership responsibility and to provide the organization with a strong, large pool of professionals from which we can fill new or vacant management positions with internal talents.

Today, our Leader program includes about 50 top professionals, who represent the key management team of our Group. Additionally, we actively identify our talents and potential candidates for "Leader" management positions in the future, and have continued to grow our offering for such high potential employees.

As part of the development for these potential leaders, we organize international exchange programs and internal rotation schemes. Participants leverage their existing know-how, gain exposure to responsibilities outside their core functions and accumulate a broad and international working experience. This exchange creates a dynamic and worldwide network of managers, who spread their personal expertise across the entire Group and it also enables them to build and intensify a global network of relationships within our organisation.

SAFETY AT WORK

Most of our workforce operates in locations and environments, like airports, where security is a top priority. As this is important for us and airport authorities, we do a thorough background check on every candidate prior to employment with Dufry as a standing procedure in our hiring process. We also train our staff regularly in specific fire safety and first aid courses for the prevention and quick, correct reaction in case of fires or other emergencies.

EQUAL OPPORTUNITIES

Dufry is an equal opportunities employer and offers career opportunities without discrimination. We promote a work environment where everyone receives equal treatment regardless of gender, color, ethnic or national origins, disability, age, marital status, sexual orientation or religion.

WORKING TOGETHER WITH SUPPLIERS

Dufry works with more than 1,500 well-known suppliers in the travel retail sector. We follow a "best brand policy" and have developed the strongest portfolio of brands per product category and customer segmentation in our industry over the past years.

As part of the "Dufry plus One" initiative, we have launched a set of projects to further strengthen the relationship with our key suppliers. We are working on an array of projects, ranging from brand plans to supply chain simplification to information sharing, all aiming to add value through cooperation with the suppliers.

FURTHER DEEPENING THE RELATIONSHIP WITH OUR KEY SUPPLIERS

Dufry has chosen a selected pool of suppliers, with which we have jointly developed specific marketing plans and promotional activities for specific brands. The basic idea is that we give the suppliers the opportunity to fully leverage Dufry's retail network globally by combining their regional and local marketing activities with the window display opportunity at the airports on a longer-term basis. This facilitates the planning for the suppliers and can also give a substantial competitive advantage as the brand can target its customers at different locations and create additional exposure.

We have also introduced a supplier's extranet, which gives suppliers access to specific sales data in relation to their products on a location-by-location basis, such as their market share and ranking of their products. Providing specific data across 41 countries through one platform is a very strong proposition and gives the suppliers valuable insights as to their product positioning. At the same time, it allows both suppliers and Dufry, to work out innovative marketing concepts.

Focused on this cooperation approach, we also have started to explore sales forecasting and projected inventory with our suppliers, in order for them to plan our replenishment order in advance. This allows to improve their production and manufacturing cycles, as well as reducing lead times, giving both business partners higher productivity at shorter notice.

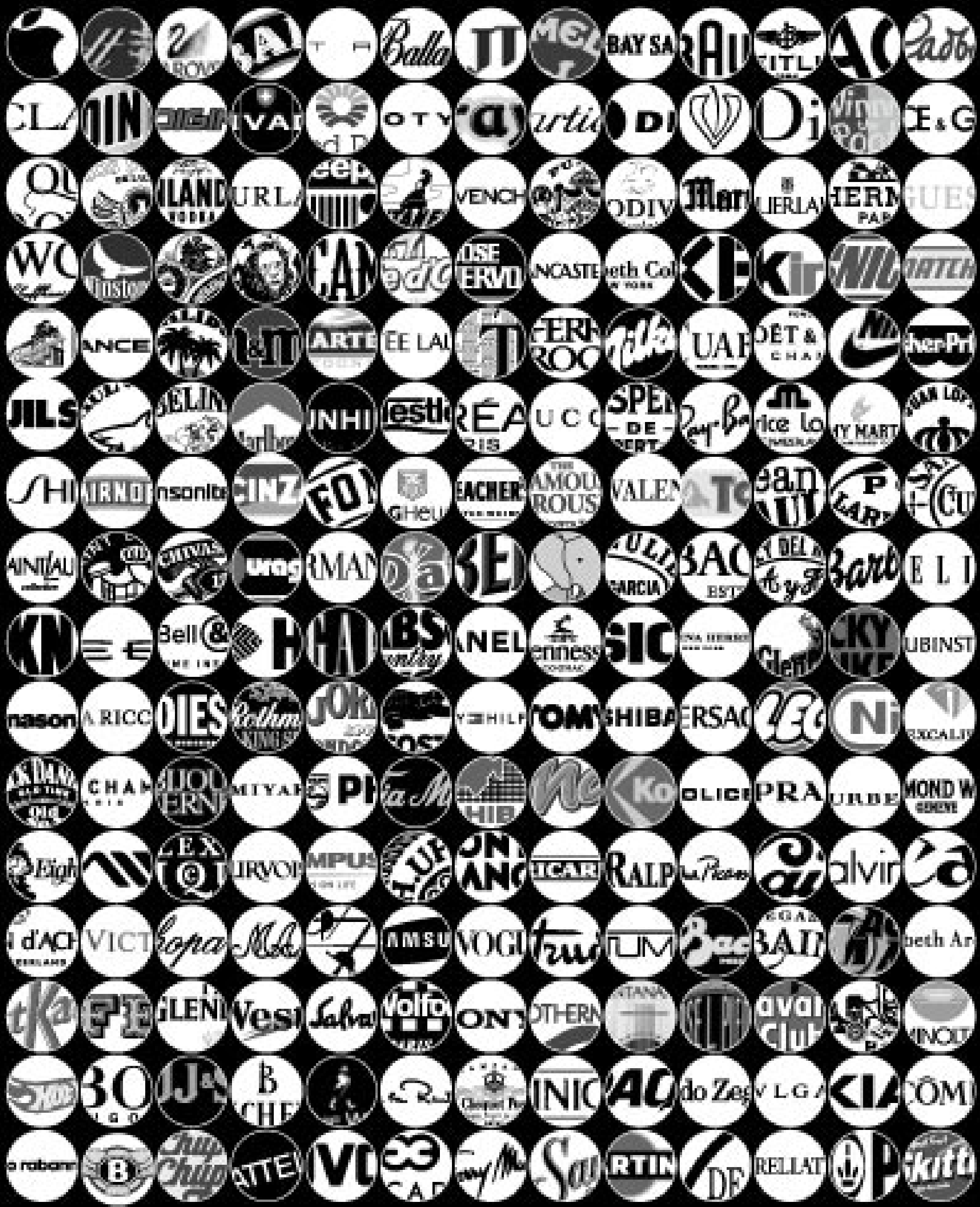
BRANDS

SELECTION OF BRANDS

→ ON PAGE 32

A SELECTION OF

BRANDS



AIRPORT AUTHORITIES & LANDLORDS ARE KEY

Operating at travel locations means to share the infrastructure with other service providers – hence our strong relationship with airport authorities and other landlords are essential to the success of our business.

OUR CONCESSION PORTFOLIO – BROADLY DIVERSIFIED

Over the years, Dufry has successfully built a portfolio of concession contracts that is both, highly diversified and of outstanding quality. Altogether at the end of 2010, our concessions spread across 41 countries and include a retail space of over 154,300 m^2 in airports, seaports, train stations and other locations.

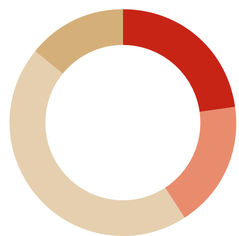
There are different ways to get a concession. Concessions can be won through tenders or negotiated directly with airport authorities, they can be structured as joint ventures with the airport operator or be bought through acquisitions. Each approach has its strengths and weaknesses and depends on the main goals of the concession owner. Irrespective of the way concessions can be obtained, Dufry has a clear policy when looking at expanding the concession portfolio. We will look at the concession fee levels and the duration of the contract, also assess the development potential of the location from a retail as well as travel perspective, and also weigh in any execution and operational complexities. By strictly evaluating these criteria, we ensure that our concession portfolio remains of the highest quality and that each concession offers attractive returns for our Group.

DURATION

Apart from its quality, our concession portfolio also has an above average duration. Based on net sales in 2010, about 41% of our sales were generated based on concession contracts with a remaining lifetime of more than 5 years. 23% of our revenues were even achieved in locations with concession contracts of more than 10 years.

CONCESSION CONTRACTS

Breakdown of net sales 2010
by duration of contracts



- 10+ Years **23 %**
- 6–9 Years **18 %**
- 3–5 Years **46 %**
- 1–2 Years **13 %**

RETURN TO SHAREHOLDERS

Dufry's corporate strategy of profitable growth is designed to create sustainable long-term shareholder value. Our operational results since 2003, with turnover being multiplied by more than 4 times and EBITDA by more than 7 times, speak for themselves. During the last seven years, gross margins have been raised by 11.1 percentage points to 57.5% and the EBITDA margin improved by 6.0 percentage points to 13.1%

MERGER WITH DUFRY SOUTH AMERICA INCREASED FREE FLOAT AND LIQUIDITY IN OUR SHARES

Since listing its shares on SIX Swiss Exchange in 2005, Dufry has always enjoyed a broad international shareholder base. We place the highest importance to communication with shareholders and analysts and we are committed to an open dialogue with the financial community.

Following an already exceptionally strong performance in 2009 of 142%, our share price continued to increase during 2010 and closed at CHF 125.80 by the end of the year, a performance of a further 79%. The merger of Dufry AG with the listed subsidiary Dufry South America Ltd., which we completed in April 2010, further broadened Dufry's shareholder base and had a positive impact on the daily trading liquidity in Dufry AG shares. Compared to 2009, the average daily trading volume in our shares increased by 370% to more than CHF 8.1 million. As of December 31, 2010, our market capitalization reached CHF 3.4 billion.

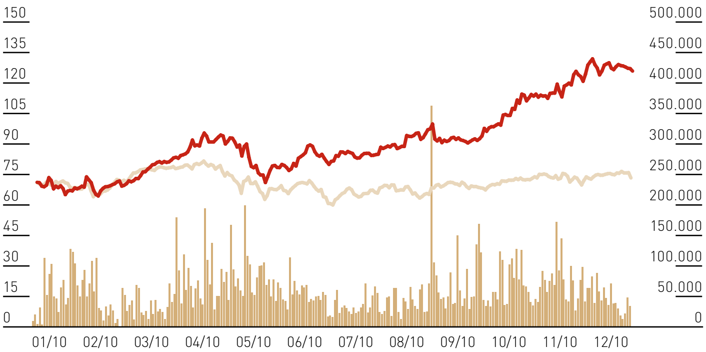
Dufry AG also has a secondary listing through Brazilian Depositary Receipts at the BM&FBOVESPA in São Paulo, Brazil. Previous BDR holders of Dufry South America Ltd. were thereby given the possibility to continue to invest in Dufry AG through their home market. From a strategic point of view, the merger enabled to increase Dufry Group's strategic flexibility to pursue growth opportunities globally and in South America and to implement the new operational and financial initiatives started in 2010. The successful completion of Dufry's merger with DSA, has strengthened our position considerably and has added value to Dufry investors.

In December 2010, the BM&FBOVESPA approved a reduction of the trading lots in Dufry's BDRs. The BDRs, which were previously traded in lots of 100 BDRs, have started to trade in single lots (1 BDR) on January 3, 2011. Dufry believes that this will positively influence trading activities in its BDRs, as the lower minimum investment amount required should broaden the accessibility for current and potential investors in the Company.

DUFRY AG SHARE PRICE

in CHF

VOLUME OF SHARES

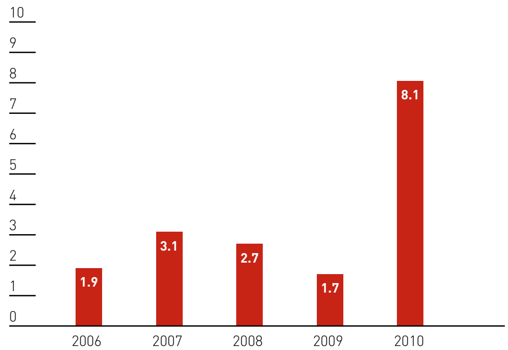


● Dufry ● SPI ● Volume

Source: Bloomberg
Note: SPI Index has been rebased to Dufry's share price

DAILY AVERAGE VOLUME

in millions of CHF



Note: Since April 2010 including trading volumes of Dufry AG BDR

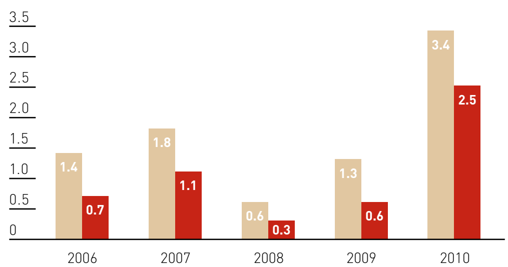
SHAREHOLDER STRUCTURE

in %, on December 31, 2010

● Advent Funds **22.6 %**
● Hudson Media **4.3 %**
● Free Float **73.1 %**

MARKET CAPITALIZATION AND FREE FLOAT

in billions of CHF, on December 31



● Market Capitalization
● Free Float

OUR GLOBAL REACH

LOCAL KNOWLEDGE, GLOBAL MANAGEMENT

As one of the world's leading travel retail companies, Dufry has a truly global reach with over 1,140 shops in 41 countries spread across four continents. We combine our extensive local expertise with in-depth travel retail know-how to offer our customers a distinctive shopping experience and make them feel at home in our shops. Depending on the characteristics of each shop destination, we individualize the shopping environment and offer special assortments to our customers. Our local teams are taking care of the day-to-day management of the shops and operation. We collect direct customer response and information at a local level and aggregate this feedback at Group level to continuously improve our services and assortment.

SIX REGIONS

Our six regions monitor all business aspects for their respective locations. The regional headquarters are in constant contact with our local teams, support their work processes, review and evaluate the performance of each shop and coordinate projects at the regional level. The regional teams possess extensive knowledge about all the individual markets within their region. Their insights are also most valuable for the further geographic development of our Group.

GLOBAL MANAGEMENT AT GROUP LEVEL

A team of global specialists is responsible for the overall coordination of Dufry at the top Group level. This management team ensures that our corporate strategy is being implemented consistently across the entire Group. Using detailed information provided by the local operations and regions, the teams at Group level enhance and continuously develop Dufry's business model and support the regions as well as the local operations with their expertise. They ensure that the Group is fully capitalizing on the Company's potential.

Globally managed – yet locally executed: Dufry continues to develop its worldwide operations and value creation through know-how transfer and synergies across the entire Group.

RETURNS AND RISK MANAGEMENT

Dufry's goal is to create sustainable long-term shareholder value based on superior operating performance and systematic risk management, and we focus our actions on constantly improving these two aspects. We operate with a clearly defined set of key performance indicators, such as spend per passenger, gross margin, net working capital ratios and operating profits for the overall day-to-day management, or cash generation, return on investment and internal rates of return when assessing new projects and operations.

The other important component is risk management and we identify and quantify risks related to our activities whenever possible. Assessing risks is paramount to a successful management as it allows mitigating many of these risks and gives transparency on the risks we are actively taking as part of our business. Managing risks is a key aspect of our business and means to us that we minimize wherever possible and take them whenever needed. Therefore, the further development of risk management tools is a project that is part of the One Dufry initiative.

"DUFRY PLUS ONE" AND "ONE DUFRY" INITIATIVES

In early 2010, Dufry launched the "Dufry plus One" and "One Dufry" initiatives. The two initiatives are designed as a 360 degree view on our business and aim to systematically analyse and exploit untapped potential in the organisation with a goal of higher returns and lower risk.

"Dufry plus One" is targeted to the operational side and consists of a set of projects which aim better analyze and understand customer needs, as well as identify opportunities in retailing. These projects include topics, such as review of product assortment, promotion plans, sales training, new bonus incentive, shop layout and a new website, just to name a few.

We also launched special initiatives, like customer profile evolution and trend studies, mystery shopper programs, market price perception analysis or market research studies to constantly refine our commercial concepts. We use such information to set up and execute specific commercial plans in the individual markets and to focus on promotional activities, pricing policies, shop layouts and customer services.

The "One Dufry" initiative is focused on the back office part of our business, and includes all support functions, like Finance, Legal, Tax, Group HR and IT. The key target is to increase the effectiveness of the existing resources, to manage and reduce risks effectively and to generate additional returns by improving the organization and workflows. Projects include a renewed tax planning, further development of the international cash pooling solutions, global insurance management, expanding the Dufry Global Trainee program, further development and standardisation of the IT platform, and re-organization in certain regions.

DUFRY – OUR SOCIAL RESPONSIBILITY FOR CHILDREN

Dufry is proud to reach out and help poor children. The Group concentrates its children support activities on two important projects that are both located in Brazil.

SUPPORTING THE ONES THAT NEED OUR HELP THE MOST – OUR CHILDREN

Dufry has funded the construction, and finances the running and training classes of a social center in Igarassu, Brazil, which is operated by the institution SOS Children's Villages. Today, this center provides shelter and services to more than 600 people including infants, younger children to teenagers and their mothers. The center offers day-care and class room facilities, counsel and training for these adults and children, as well as basic medical care including a small pharmacy. And last but not least – it gives a feeling of security and home to them.

Dufry's South America operations have been supporting another important project in Brazil for over 15 years. It is a social promotion program in Rio de Janeiro, which offers free professional education to thirty disadvantaged young people every year. The program can be attended by 16 to 18 years old teenagers (girls and boys) and covers various subjects, such as English, computer classes, retail operations, professional orientation, makeup, as well as teamwork, leadership, ethics and citizenship modules. Complementary, these students receive free meals, medical and dental care, life insurance, uniform, educational material and transportation assistance. Our employees also participate in the program as volunteers, serving as mentors to those young people. One of the major objectives of the program is to increase their chances to find employment in the local labour market. The average employment rate of young people having completed this program is about 90%, with some of them also having joined Dufry's operations in Brazil over the past few years. For the next years our goal is to expand this project to others cities of Brazil reinforcing our social commitment with the younger and the future of the society and the country.

Social Center Igarassu, Brazil

SÃO PAULO

BRAZIL

WELCOME

SOUTH AMERICA

– Presence in Brazil, Bolivia
– Over 14,400 m² sales area
– 59 shops
– Net sales 2010 CHF 693 million
– 2,030 employees

NEW YORK

UNITED STATES

NORTH AMERICA

– Presence in United States (over 60 cities), Canada
– Over 51,300 m^2 sales area
– 622 shops
– Net sales 2010 CHF 731 million
– 4,626 employees

SÃO PAULO – GUARULHOS INTERNATIONAL AIRPORT

DUTY FREE STORE – WALK-THROUGH SHOP

- Located at the Departure area Terminal 2 of Guarulhos International Airport
- Shop established in 1983; restyled in 2005
- About 440 m^2 of sales area
- 100 employees
- Wide selection of watches & accessories, fashion/leather/luggage, perfumes & cosmetics, wine & spirits, confectionary & food, tobacco goods, electronics, souvenirs
- Over 500 brands on offer

GRAND CENTRAL TERMINAL
MIDTOWN MANHATTAN, NEW YORK CITY

NEWSSTAND & CONVENIENCE STORE

- Located at Grand Central Terminal at 42nd Street & Park Avenue New York City
- Shop established in 1991; renovations in 1999; restyled in 2010
- About 200 m^2 of sales area (one of three Hudson newsstands in Grand Central Terminal)
- 40 employees
- Most complete selection of magazines, books, newspapers and a wide variety of convenience items, snacks, beverages, travel necessities
- Hundreds of magazine titles in different languages, and special interest publications. Also available are premium brands such as Skullcandy, Sony and Blackberry electronic accessories, Foster Grant sunglasses, Godiva single serve chocolate, IGo chargers, Papyrus cards, Swissgear travel accessories and many more

CORPORATE GOVERNANCE
DUFRY IS COMMITTED TO GOOD CORPORATE GOVERNANCE

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

For an overview of the management organizational chart and operational Group structure, please refer to page 13 of this Annual Report.

LISTED COMPANIES

Company	**Dufry AG, Hardstrasse 95, 4052 Basel, Switzerland (hereinafter "Dufry AG" or the "Company")**
Listing	Registered shares: SIX Swiss Exchange Brazilian Depositary Receipts (BDRs): São Paulo Stock Exchange (BM&FBOVESPA – Bolsa de Valores de São Paulo), Brazil
Market capitalization	CHF 3,393,606,337 as of December 31, 2010
Percentage of shares held by Dufry AG	1.07% of Dufry AG share capital as of December 31, 2010
Security numbers	Registered shares: ISIN-Code CH0023405456, Swiss Security-No. 2340545 Ticker Symbol DUFN Brazilian Depositary Receipts (BDRs): ISIN-Code BRDAGBBDR008 Ticker Symbol DAGB11

NON-LISTED COMPANIES

For a table of the operational non-listed consolidated entities please refer to page 156 in section Financial Statements of this Annual Report[1].

[1] Including the company names, locations, percentage of shares held, share capital

1.2 SIGNIFICANT SHAREHOLDERS

Pursuant to the information provided to the Company by its shareholders in compliance with the Swiss Stock Exchange Act during 2010, the following significant shareholders held more than 3% of the share capital as of December 31, 2010[2]:

SHAREHOLDER	PERCENTAGE
Group of shareholders consisting of: 1. Global Retail Group S.à r.l.[1] controlled by Funds managed by Advent International Corporation[2] 2. Travel Retail Investment SCA[3] controlled by funds managed by Advent International Corporation[2], other shareholders are Petrus PTE Ltd[4] and Witherspoon Investments LLC[5]	22.62%
Artio Global Management LLC[6]	7.07%
Credit Suisse Group AG[7]	4.99%
Hudson Media Inc.[8]	4.28%
Group of funds jointly controlled by: Skopos Administradora de Recursos Ltda[9] and Skopos Invest Administradora de Recursos Internacionais Ltda[10]	4.43%
The Capital Group Companies, Inc.[11]	4.21%

[1] 76 Grand Rue, L-1660 Luxembourg City, Grand Duchy of Luxembourg.
[2] 75 State Street, Boston, MA 02109, USA.
[3] 76 Grand Rue, L-1660 Luxembourg City, Grand Duchy of Luxembourg.
[4] 8 Cross Street, #11-00 PWC Building, Singapore 048424.
[5] 1209 Orange Street, Wilmington, DE 19801, USA.
[6] 330 Madison Avenue, New York, NY 10017, USA.
[7] Paradeplatz 8, Postfach, 8070 Zurich, Switzerland. Shareholding held indirectly through various subsidiaries and investment funds controlled by Credit Suisse Group AG.
[8] One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA. Hudson Media Inc. is controlled by James Cohen, c/o Hudson Media Inc., One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA.
[9] Alemada Tocantins, 75 1st Floor, Room 101-Alphaville, Barueri, SP, 06455-020, Brazil.
[10] Rua Viradouro, 63, Conjunto 42, São Paulo, SP, 04538-110, Brazil.
[11] 333 South Hope Stgreet, Los Angeles, CA, USA. Shareholding held in various investment funds and clients' portfolios.

[2] The actual shareholdings may differ from the figures indicated in the table, as the Company must only be notified by its shareholders, if one of the thresholds defined in Art. 20 of the Swiss Stock Exchange Act is crossed

Global Retail Group S.à r.l., Travel Retail Investment SCA, Petrus PTE Ltd, Witherspoon Investments LLC and funds managed by Advent International Corporation constitute a group for purposes of the disclosure obligation pursuant to Article 20 of the Federal Act on Stock Exchange and Securities Trading (SESTA). Travel Retail Investment SCA and Global Retail Group S.à r.l. are direct shareholders of Dufry AG, holding 14.38 percent and 8.24 percent respectively of Dufry on December 31, 2010. Both Travel Retail Investment SCA and Global Retail Group S.à.r.l. are controlled by funds managed by Advent International Corporation; other shareholders of Travel Retail Investment SCA are Petrus PTE Ltd, who is an affiliate of Mr. Andrés Holzer Neumann and his family, and Witherspoon Investments LLC, holding on December 31, 2010, 41.74 percent and 2.08 percent respectively of Travel Retail Investment SCA.

Funds managed by Advent International Corporation, Petrus PTE Ltd and Witherspoon Investments LLC, entered into a shareholders' agreement to govern their relationship as shareholders of Travel Retail Investment SCA. This agreement provides that the funds managed by Advent International Corporation shall have a right of first refusal should either Petrus PTE Ltd or Witherspoon Investments LLC wish to transfer their holdings in Travel Retail Investment SCA. In addition, if a third party offers to acquire all the interests in Travel Retail Investment SCA and the funds managed by Advent International Corporation in Travel Retail Investment SCA decide to transfer their entire interest in Travel Retail Investment SCA to that third party, then the funds managed by Advent International Corporation shall have the right to compel the other shareholders to transfer their entire holding in Travel Retail Investment SCA to that third party by exercising their drag-along rights.

Changes of significant shareholders in conjunction with Art. 20 of SESTA during fiscal year 2010 can be summarized as follows:

Artio Global Management LLC, 330 Madison Avenue, New York, NY 10017, USA, informed the Company that its shareholding had gone above the thresholds of 5% to 7.07% on September 2, 2010, as a result of a purchase transaction. Artio Global Management LLC had previously reported that it had gone above the threshold of 3% to 3.36% on May 12, 2010, due to a purchase transaction.

BlackRock, Inc., 40 East 52nd Street, New York, 10022 USA, informed the Company that its shareholding had gone below the threshold of 3% on November 16, 2010, as a result of a sale transaction. Previous disclosures in fiscal year 2010: Gone above the threshold of 3% to 3.012% on November 5, 2010, due to a purchase transaction; fallen below the threshold of 3% on May 14, 2010, due to a sale transaction; gone above the threshold of 3% to 3.04% on April 30, 2010, due to a purchase transaction; fallen below the threshold of 3% on April 20, 2010, due to a sale transaction; gone above the threshold of 3% to 3.06% on March 31, 2010, due to a purchase transaction; fallen below the threshold of 3% on March 23, 2010, due to the capital increase by the Company (capital increase in conjunction with merger Dufry South America); gone above the threshold of 3% to 3.08% on February 8, 2010.

Credit Suisse Group AG, Paradeplatz 8, Postfach, 8070 Zurich, Switzerland, informed the Company that its shareholding had fallen below the threshold of 5% to 4.99% on December 23, 2010, as a result of a sale transaction. Previous disclosures in fiscal year 2010: Gone above the threshold of 5% to 5.02% on December 21, 2010, due to securities lending; fallen below the threshold of 5% to 4.91% on October 21, 2010, as a result of a sale transaction; change of composition of subsidiaries and funds holding a total position of 5.23% on September 10, 2010; change of composition of subsidiaries and funds holding a total position of 5.13% on September 8, 2010; gone above the threshold of 5% to 5.46% on September 2, 2010, due to a purchase transaction; change of composition of subsidiaries and funds holding a total position of 4.56% on April 23, 2010; change of composition of subsidiaries and funds holding a total position of 4.38% on April 21, 2010; position of 3.97% on March 23, 2010, due to the capital increase by the Company (capital increase in conjunction with merger Dufry South America).

Credit Suisse Hedging Griffo Asset Management S/A, Av. Pres. Juscelino Kubitschek, 1830 Torre III 6 andar, São Paulo, Brazil, jointly with Cox Gestão de Recursos Ltd., Rua Arandu, 1544, cj. 163, São Paulo, Brazil, informed the Company that its shareholding amounted to 4.06% on March 23, 2010, as a result of the capital increase by the Company (capital increase in conjunction with merger Dufry South America).

The Group of shareholders consisting of: Gobal Retail Group S.à r.l., 76 Grand Rue, 1660 Luxembourg, Grand Duchy of Luxembourg; Funds managed by Advent International Corporation, 75 State Street, Boston, MA 02109, USA; Travel Retail Investments SCA, 76 Grand Rue, 1660 Luxembourg, Grand Duchy of Luxembourg; Petrus PTE Ltd, 8 Cross Street 11-00 PWC Building, Singapore 048424, Singapore and Witherspoon Investments LLC, 1209 Orange Street, Wilmington, DE 19801, USA, informed the Company that its shareholding had fallen below the thresholds of 33 1/3% and 25% to 22.62% on September 7, 2010, as a result of a sale transaction. This Group of shareholders held 47.03% of the share capital of Dufry AG as of December 31, 2009.

Hudson Media Inc, One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA (controlled by James Cohen, c/o Hudson Media Inc, One Meadowlands Plaza, Suite 902, East Rutherford, NJ 07073, USA), informed the Company that its shareholding had fallen below the threshold of 5% to 4.28% on March 23, 2010, as a result of the capital increase by the Company (capital increase in conjunction with merger Dufry South America). Hudson Media Inc held 6.01% of the share capital of Dufry AG as of December 31, 2009.

Skopos Administradora de Recursos Ltda, Alameda Tocantins, 75 1st Floor, Room 101-Alphaville, Barueri, SP, 06455-020, Brazil, and Skopos Invest Administradora de Recursos

Internacionals Ltda, Rua Viradouro, 63, Conjunto 42, São Paulo, SP, 04538-110, Brazil, informed the Company that their shareholding as a group of shareholders had gone above the threshold of 3% to 4.43% on March 23, 2010, as a result of the capital increase by the Company (capital increase in conjunction with merger Dufry South America).

The Capital Group Companies, Inc, 333 South Hope Street, Los Angeles, CA, USA, informed the Company that its shareholding had gone above the threshold of 3% to 4.2105% on March 23, 2010, as a result of the capital increase by the Company (capital increase in conjunction with merger Dufry South America).

Wellington Management Company, LLP, 75 State Street, Boston, MA 02109, USA, informed the Company that its shareholding had fallen below the 3% threshold on November 22, 2010, as a result of a sale transaction. Previous disclosures in fiscal year 2010: Shareholding fallen below the threshold of 5% to 3.96% on March 23, 2010, as a result of the capital increase by the Company (capital increase in conjunction with merger Dufry South America). Wellington Management Company, LLP held 9.84% of the share capital of Dufry AG as of December 31, 2009.

Further details to be above mentioned disclosures are available on the website of SIX Swiss Exchange on:
http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html.

1.3 CROSS-SHAREHOLDINGS

Dufry AG has not entered into cross-shareholdings with other companies in terms of capital shareholdings or voting rights in excess of 5%.

2. CAPITAL STRUCTURE

2.1 SHARE CAPITAL

Ordinary share capital	As of December 31, 2010: CHF 134,881,015 (nominal value) divided in 26,976,203 fully paid registered shares with nominal value of CHF 5 each
Conditional share capital	CHF 2,836,480 (nominal value) divided in 567,296 fully paid registered shares with nominal value of CHF 5 each
Authorized share capital	None

2.2 DETAILS TO CONDITIONAL AND AUTHORIZED SHARE CAPITAL

CONDITIONAL SHARE CAPITAL

Art. 3 bis of the Articles of Incorporation reads as follows:

1. The share capital may be increased in an amount not to exceed CHF 2,836,480 by the issuance of up to 567,296 fully paid registered shares with a nominal value of CHF 5 each through the exercise of conversion and/or option rights granted in connection with the issuance of newly or already issued convertible debentures, debentures with option rights or other financing instruments by the Company or one of its group companies.
2. The preferential subscription rights of the shareholders shall be excluded in connection with the issuance of convertible debentures, debentures with option rights or other financing instruments. The then current owners of conversion and/or option rights shall be entitled to subscribe for the new shares.
3. The acquisition of shares through the exercise of conversion and/or option rights and each subsequent transfer of the shares shall be subject to the restrictions set forth in Article 5 of these Articles of Incorporation.
4. The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financing instruments when they are issued, if
   a) an issue by firm underwriting by a consortium of banks with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions or the time plan of the issue; or
   b) the financing instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or with participations or new investments of the Company.
5. If advance subscription rights are denied by the Board of Directors, the following shall apply:
   a) Conversion rights may be exercised only for up to 15 years; and option rights only for up to 7 years from the date of the respective issuance.
   b) The respective financing instruments must be issued at the relevant market conditions.

AUTHORIZED SHARE CAPITAL

As of December 31, 2010, the Company has no authorized share capital.

2.3 CHANGES IN CAPITAL OF DUFRY AG

Nominal share capital	December 31, 2008	CHF	96,069,770
	December 31, 2009	CHF	96,069,770
	December 31, 2010	CHF	134,881,015
Conditional share capital	December 31, 2008	CHF	2,836,480
	December 31, 2009	CHF	2,836,480
	December 31, 2010	CHF	2,836,480
Authorized share capital	December 31, 2008		None
	December 31, 2009		None
	December 31, 2010		None

CHANGES IN CAPITAL IN 2008

At the Ordinary General Meeting on May 8, 2008, shareholders approved the Board of Directors' proposal to extend the duration of the existing authorized capital from November 23, 2008 to May 8, 2010.

As a result of the transactions in conjunction with the acquisition of Hudson Group, the Company issued 4,218,750 registered shares with a nominal value of CHF 5 (total nominal value: CHF 21,093,750) from the existing authorized capital which were given to the selling shareholders of Hudson Group on October 15, 2008. The nominal share capital was increased accordingly from CHF 70,312,500 (divided into 14,062,500 fully paid registered shares with a nominal value of CHF 5 each) to CHF 91,406,250 (divided into 18,281,250 registered shares with a nominal value of CHF 5 each). On December 9, 2008, the mandatory convertible notes issued as part of the consideration for the acquisition of Hudson Group were converted into 932,704 registered shares with a nominal value of CHF 5 each (total nominal value: CHF 4,663,520) from the conditional share capital. The nominal share capital increased accordingly to CHF 96,069,770, divided into 19,213,954 fully paid registered shares with a nominal value of CHF 5 each.

CHANGES IN CAPITAL IN 2009

The capital of Dufry AG remained unchanged during fiscal year 2009.

CHANGES IN CAPITAL IN 2010

On February 11, 2010, Dufry AG, Dufry South America Ltd ("DSA") and Dufry Holdings & Investments AG ("DHIAG") entered into a merger and amalgamation agreement, pursuant to which DSA was merged and amalgamated with and into DHIAG (the "Merger") by way of absorption in accordance with article 3 et seq. of the Swiss Federal Act on Merger, Demerger, Conversion and Transfer of Liabilities (the "Merger Act") and Section 104B of the Bermuda

Companies Act. In connection with the Merger, the trading of the shares of DSA on the Luxembourg Stock Exchange and of the Brazilian Depositary Receipt ("BDRs") of DSA on the BM&FBovespa was discontinued. The Company registered with the Comissão de Valores Mobiliários ("CVM") and listed its shares in the form of BDRs on the BM&FBovespa.

The general meeting of shareholders of the Company approved the Merger and the necessary capital increase on March 22, 2010. The share capital was increased from CHF 96,069,770 to CHF 134,881,015 by the issuance of 7,762,249 new registered shares with a nominal value of CHF 5 each. The pre-emptive rights were withdrawn for valid reasons in accordance with Article 652b para. 2 of the Swiss Code of Obligations, i.e. the absorption of DSA by DHIAG, a wholly-owned subsidiary of the Company.

As a result of the Merger, Dufry's share capital amounts to 26,976,203 shares with a nominal value of CHF 5 each, and Dufry holds 100 percent of the combined entity DHIAG – DSA.

2.4 SHARES

As of December 31, 2010, the share capital of Dufry AG is divided into 26,976,203 fully paid in registered shares with a nominal value of CHF 5 each.

The Company has only one category of shares. The shares are issued in registered form. All shares are entitled to dividends if declared. Each share entitles to one vote. The Company maintains a share register showing the name and address of the shareholders or usufructuaries. Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company.

LIMITATION ON TRANSFERABILITY AND NOMINEE REGISTRATION OF REGISTERED SHARES

- Only persons registered as shareholders or usufructuaries of registered shares in the share register shall be recognized as such by the Company. In the share register the name and address of the shareholders or usufructuaries is recorded. Changes must be reported to the Company.
- Acquirers of registered shares shall be registered as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account.
- The Board of Directors may register nominees with the right to vote in the share register to the extent of up to 0.2% of the registered share capital as set forth in the commercial register. Registered shares held by a nominee that exceed this limit may be registered in the share register with the right to vote if the nominee discloses the names, addresses and number of shares of the persons for whose account it holds 0.2% or more of the registered share capital as set forth in the commercial register. Nominees within the meaning of this provision are persons who do not explicitly declare in the request for

registration to hold the shares for their own account and with whom the Board of Directors has entered into a corresponding agreement (see also Art. 5 of the Articles of Incorporation). Nominees are only entitled to represent registered shares held by them at a meeting of shareholders provided that they are registered in the share register and they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the meeting of shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not represented at the meeting of shareholders.
- Corporate bodies and partnerships or other groups of persons or joint owners who are interrelated to one another through capital ownership, voting rights, uniform management or otherwise linked as well as individuals or corporate bodies and partnerships who act in concert to circumvent the regulations concerning the nominees (esp. as syndicates), shall be treated as one single nominee within the meaning of the above mentioned regulation in terms of nominees.
- The Board of Directors may cancel the registration, with retroactive effect if appropriate, if the registration was effected based on false information or in case of breach of the agreement between the nominee and the Board of Directors.
- After consulting the party involved, the Company may delete entries in the share register if such entries occurred in consequence of false statements by the purchaser. The purchaser must be informed immediately of the deletion.

EXCEPTIONS GRANTED IN THE YEAR UNDER REVIEW

In connection with the Merger, the Company registered with the CVM and listed its shares in the form of BDRs on the BM&FBovespa. Each BDR issued by Itaú Corretora de Valores S.A. ("Depositary Institution") of the BDR program represents one share issued by the Company and held in custody by the Bank of New York, in London ("Custodian").

BDR holders do not own, from a legal point of view, the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented to exercise directly any of the shareholders rights provided for by the Company's Articles of Incorporation and by the Swiss corporate law. For example, BDR holders are not entitled to personally participate in the Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution.

To facilitate voting by BDR holders, the Company entered into arrangements with the Depositary Institution and the Custodian to enable, by way of exception, registration of The Bank of New York in the share register as nominee with voting rights for the number of registered shares corresponding to the total number of outstanding BDRs. Otherwise, no exceptions have been granted during the year under review.

BDR holder who wish to be in a position to directly exercise any of the shareholders rights granted by Swiss corporate law or the Company's Articles of Incorporation must convert its BDRs into shares of Dufry AG and ask to be registered in the shares register of the company, pursuant to art. 5 of the Company's Articles of Incorporation.

2.5 PARTICIPATION CERTIFICATES AND PROFIT SHARING CERTIFICATES

The Company has not issued any non-voting equity securities, such as participation certificates ("Partizipationsscheine") or profit sharing certificates ("Genussscheine").

2.6 CONVERTIBLE BONDS AND OPTIONS

As of December 31, 2010, there are no outstanding bonds that are convertible into, or warrants or options to acquire, shares issued by or on behalf of the Company. Dufry has Restricted Stock Unit (RSU) plans, the essentials of which are disclosed under "Compensation, shareholdings and loans" on page 68.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

NAME	PROFESSION	NATIONALITY	POSITION WITH DUFRY	DATE OF FIRST ELECTION	TERM OF OFFICE	OTHER POSITIONS WITH DUFRY[1]
Juan Carlos Torres Carretero	Executive at Advent	Spanish	Chairman	2003	2011	AC | NRC
Ernest George Bachrach	Executive at Advent	American	Vice Chairman	2004	2011	NRC
Jorge Born	CEO of Bomagra S.A.	Argentinian	Director	2010	2013	None
Xavier Bouton	Consultant	French	Director	2005	2014	None
James Cohen	CEO of Hudson Media Inc.	American	Director	2009	2014	None
José Lucas Ferreira de Melo	Consultant	Brazilian	Director	2010	2013	None
Mario Fontana	Consultant	Swiss	Director	2005	2013	AC
Andrés Holzer Neumann	President of Grupo Industrial Omega	Mexican	Director	2004	2013	NRC
Maurizio Mauro	Consultant	Brazilian/Italian	Director	2010	2013	None
Joaquín Moya-Angeler Cabrera	Consultant	Spanish	Director	2005	2013	AC
Steve Tadler	Executive at Advent	American	Director	2010	2013	None

[1] AC:Audit Committee/NRC: Nomination and Remuneration Committee

3.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND FUNCTIONS

JUAN CARLOS TORRES CARRETERO
Chairman
born 1949

Education MS in physics from Universidad Complutense de Madrid and MS in management from MIT's Sloan School of Management.
Professional Background Many years of private equity and senior management operating experience. 1988 Joined Advent International, a private equity firm, in Boston as a partner. 1991–1995 Partner at Advent International in Madrid. Since 1995 Managing Director and Senior Partner in charge of Advent International Corporation's investment activities in Latin America.
Current Board Mandates Dufry AG, Aeroplazas de Mexico SA de CV, Inmobiliaria Fumisa SA de CV, Controladora Milano S.A. de C.V., Latin American Airport Holding Ltd., Aeropuertos Dominicanos Siglo XXI, S.A., International Meal Company Holdings S.A., and Grupo Gayosso S.A. de C.V.

ERNEST GEORGE BACHRACH
Vice Chairman
born 1952

Education BS in chemical engineering from Lehigh University and MBA from Harvard Business School.
Professional Background More than 22 years of experience in international private equity investing. 1990 Joined Advent International (Advent) in London as a Partner. Since 1995 Managing Advent's Latin American investment activity. Senior Partner and member of the Executive Committee of Advent International Corporation.
Current Board Mandates Dufry AG, Advent International Corp., Bunge Group Ltd., NBC, Grupo Gayosso S.A. de C.V., Controladora Milano, S.A. de C.V., Latin American Airport Holding Ltd., International Meal Company Holdings S.A., and Board of Governors of the Lauder Institute at Wharton Business School.

JORGE BORN
Director
born 1962

Education B.S. in Economics from the Wharton School of the University of Pennsylvania.
Professional Background 1992–1997 Head of Bunge's European operations. Before 1997 Various capacities in the commodities trading, oilseeding processing and food products areas in Argentina, Brazil, the United States and Europe for Bunge Limited. 2004–2005 Independent Board member of Dufry AG. Since 1997 President and Chief Executive Officer of Bomagra S.A., Argentina.
Current Board Mandates Dufry AG, Bunge Limited, Hochschild Mining PLC, member of Wharton's Latin American Executive Board, member of the Board of Governors of Wharton's Lauder Institute, member of the Board of Georgetown University, Washington, and Chairman of the Fundación Bunge y Born.

Mr. Born served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

XAVIER BOUTON
Director
born 1950

Education Diploma in economics and finance from l'Institut d'Etudes Politiques de Bordeaux and doctorate in economics and business administration from the University of Bordeaux.
Professional Background 1978–1984 Director of C.N.I.L. (Commission Nationale de l'Informatique et des Libertés). 1985 – 1994 General Secretary of Reader's Digest Foundation. 1990–2005 Board member of Laboratoires Chemineau. Since 1999 Chairman of the Supervisory Board of FSDV (Fayenceries de Sarreguemines Digoin & Vitry le François) based in Paris, France.
Current Board Mandates Dufry AG, ADL Partners and F.S.D.V. (Fayenceries de Sarreguemines Digoin & Vitry le François, Chairman of the Supervisory Board).

JAMES COHEN
Director
born 1958

Education Bachelor's degree in Economics from the Wharton School of the University of Pennsylvania.
Professional Background Since 1980 Various positions at Hudson Media Inc (President and CEO since 1994).
Current Board Mandates Dufry AG and Hudson Media Inc.

JOSÉ LUCAS FERREIRA DE MELO
Director
born 1956

Education Bachelor's degree in Accounting from Associação de Ensino Unificado do Distrito Federal.
Professional Background 1979–1991 Various positions at PricewaterhouseCoopers Auditores Independentes. 1992 Director of Comissão de Valores Mobiliários (CVM). 1993–1997 Partner at PricewaterhouseCoopers Auditores Independentes. 1998 Partner at Global Control Consultoria. 1999–2009 Executive Director and later Vice-President at Unibanco – União de Bancos Brasileiros S.A., and Unibanco Holdings S.A.
Current Board Mandates Dufry AG, Diagnósticos da América S.A., and International Meal Company Holdings S.A.

Mr. Ferreira de Melo served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

MARIO FONTANA
Director
born 1946

Education Engineering studies at ETH Zurich and Georgia Institute of Technology, Master of Science Degree.
Professional Background 1970–1977 IBM Switzerland, sales representative and international account manager. 1977–1980 Brown Boveri Brazil, Chief of staff and CIO. 1981–1983 Storage Technology Switzerland, General Manager. 1984–1993 Hewlett-Packard Switzerland, General Manager. 1993–1995 Hewlett-Packard Germany, General Manager. 1995–1997 Hewlett-Packard Europe, General Manager. 1997–1999 Hewlett-Packard USA, General Manager. Since 1998 Independent Board member at various companies. Served previously also on the Board of Directors of AC-Service (Germany), Amazys, Bon appétit Group, Büro Fürrer, Inficon, Leica Geosystems and Sulzer.
Current Board Mandates Dufry AG, Swissquote (Chairman), Hexagon AB and Regent Lighting (Chairman).

ANDRÉS HOLZER NEUMANN
Director
born 1950

Education Graduate of Boston University, MBA from Columbia University.
Professional Background Since 1973 President of Grupo Industrial Omega, S.A. de C.V., the holding company of Holzer y CÌA, S.A. de C.V., Industria Nacional de Relojes Suizos, S.A. de C.V., Consorcio Metropolitano Inmobiliario, S.A. de C.V., Inmobiliara Coapa Larca, S.A. de C.V., Inmobiliara Castellanos, S.A. de C.V. and Negocios Creativos, S.A. de C.V.
Current Board Mandates Dufry AG, Inmobiliaria Fumisa, S.A. de C.V. (Chairman) and Latin American Airport Holding Ltd.

MAURIZIO MAURO
Director
born 1949

Education Bachelor's in Business Administration from Escola de Admionistração de Empresas de São Paulo da Fundação Getulio Vargas and specialization in Corporate Finance from Faculdade de Economia e Administração da Universidade de São Paulo.
Professional Background 1986–1988 Executive Officer of Banco Noroeste. 1988–2001 Several managing and consultant positions in Booz Allen Hamilton. Left the company as General Manager for Brazil. 2001–2006 CEO of the Abril Group.
Current Board Mandates Dufry AG, Atmosfera S.A., Tecnisa S.A., Banco Pine S.A., T4F (Time for Fun) and TIVIT.

Mr. Mauro served as a member of the Board of Directors of Dufry South America Ltd. until its merger with Dufry Holdings & Investments AG in March 2010.

JOAQUÍN MOYA-ANGELER CABRERA
Director
born 1949

Education Master's degree in mathematics from the University of Madrid, diploma in economics and forecasting from the London School of Economics and Political Science and MBA from MIT's Sloan School of Management.
Professional Background Mr. Moya-Angeler has focused his career on the technology and real estate industries, including having founded a number of companies. 1994–1997 Chairman of IBM Spain. 1994–1997 Chairman of Leche Pascual. 1997–2002 Chairman of Meta4 and TIASA (1996–1998). To date Chairman of Redsa since 1997, Hildebrando since 2003, as well as Presenzia and Pulsar Technologies since 2002, La Quinta Real Estate since 2003, Inmoan since 1989, Avalon Private Equity since 1999 and Corporación Tecnológica Andalucía since 2005.
Current Board Mandates Dufry AG, Indra Sistemas SA, Corporación Teype, La Quinta Group, Palamon Capital Partners, MCH Private Equity, Industrias Hidráulicas Pardo S.L., Pulsar Technologies (Chairman), Redsa S.A. (Chairman), Hildebrando S.A. de C.V. (Chairman), Presenzia (Chairman), Corporación Tecnológica Andalucia (Chairman), Inmoan S.L., Board of Trustees University of Almeria (Chairman), Fundación Mediterránea (Chairman), Avalon Private Equity (Chairman) and Spanish Association of Universities Governing Boards (Chairman).

STEVE TADLER
Director
born 1959

Education BS, with distinction, from the University of Virginia and MBA from Harvard Business School.
Professional Background 1981–1984 Loan Officer at Manufacturers Hanover Trust Co., providing financing for a number of leveraged buyouts, technology-oriented firms and special situations. 1985 Joined Advent International's Boston office, becoming managing director of the North American buyouts group in 1994. 1997 Moved to Advent's London office to head the firm's European Operations and returned to Boston in 2006. Since 2002, member of Advent's Executive Committee (Chairman). Managing Partner of Advent International. Serves on each of Advent's Western Europe, Central Europe and North America Investment Advisory Committees.
Current Board Mandates Dufry AG, Advent International Corporation, wTe Corporation, Skillsoft.

Messrs Juan Carlos Torres Carretero (Chairman), Ernest George Bachrach (Vice Chairman), Andrés Holzer Neumann and Steve Tadler are related to the group of shareholders, consisting of Global Retail Group S.à r.l., Travel Retail Investment SCA, Petrus PTE Ltd and Witherspoon Investments LLC, which had been a controlling shareholder until September 2010 and continues to be a major shareholder with a participation of 22.62% since. All members of the Board of Directors are non-executive members and they have never been in a management position at Dufry AG or any of its subsidiaries. For information on related parties and related party transactions please refer to Note 36 on page 143 of this Annual Report.

3.3 ELECTION AND TERMS OF OFFICE

- The Board of Directors shall consist of at least three and at most eleven members.
- Members of the Board of Directors shall be elected for a maximum term of five years. A year shall mean the period running between one Ordinary Meeting of Shareholders and the next. Previous resignation and dismissal may change the terms of office. New members elected during the year shall continue in office until the end of their predecessor's term.
- The Board of Directors shall be renewed by rotation in such manner that, after a period of five years, all members will have been subject to re-election.
- The members of the Board of Directors may be re-elected without limitation.
- At the Ordinary General Meeting held on May 11, 2010, Messrs Mario Fontana, Andrés Holzer Neumann and Joaquín Moya-Angeler Cabrera were re-elected for a term of office of three years. Messrs Jorge Born, José Lucas Ferreira de Melo, Maurizio Mauro and Steve Tadler were newly elected for a term of office of three years. Mr. David Mussafer resigned from the Board of Directors, with effect as of May 10, 2010. All members were elected in individual elections.

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

The Board of Directors determines its own organization. It shall elect its Chairman and one or two Vice Chairmen. It shall appoint a Secretary who does not need to be a member of the Board of Directors.

The Board of Directors has established an Audit Committee and a Nomination and Remuneration Committee. Both Committees are assisting the Board of Directors in fulfilling its duties and have also decision authority to the extent described below.

AUDIT COMMITTEE

Members: Joaquín Moya-Angeler Cabrera (Chairman), Juan Carlos Torres Carretero, Mario Fontana.

The members of the Audit Committee are non-executive and independent members of the Board of Directors. An independent member is a non-executive member, has not been an executive member of the Dufry Group in the last three years and does not have major business relations with the Company. The members shall be appointed, as a rule, for the entire duration of their mandate as Board members and be re-eligible.

The Audit Committee assists the Board of Directors in fulfilling its duties of supervision of management. It is responsible for the review of the performance and independence of the Auditors, the review of and the decision on the audit plan and the audit results and the monitoring of the implementation of the findings by management, the review of the internal audit plan, the assessment of the risk management and the decision on proposed measures to reduce risks, the review of the compliance levels and risk management, as well as the review to propose whether the Board of Directors should accept the Company's accounts. The Audit Committee regularly reports to the Board of Directors on its decisions, assessments, findings and proposes appropriate actions. The Audit Committee generally meets at the same dates the Board of Directors meetings take place, although the Chairman may call meetings as often as business requires. The length of the meetings lasted usually for about 2 to 3 hours in fiscal year 2010, during which the Audit Committee held 8 meetings. The auditors attended 3 meetings of the Audit Committee in 2010.

In the context of the Merger between Dufry and Dufry South America executed in March 2010, the Audit Committee was in particular in charge of reviewing the fairness opinions and valuation reports received by the Company and of proposing an exchange ratio for the Merger, which was then approved by the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

Members: Ernest George Bachrach (Chairman), Andrés Holzer Neumann, Juan Carlos Torres Carretero.

The Nomination and Remuneration Committee assists the Board of Directors in fulfilling its nomination and remuneration related matters. It is responsible for assuring the long-term planning of appropriate appointments to the positions of the Chief Executive Officer and the Board of Directors, as well as for the review of the remuneration system of the Company and for proposals in relation thereto to the Board of Directors. The Nomination and Remuneration Committee makes proposals in relation to the remuneration of the Chief Executive Officer and of the members of the Board of Directors. The Board of Directors has the ultimate authority to approve such proposals. The Nomination and Remuneration Committee decides on the overall size of the RSUs to be granted under the Company's Restricted Stock Unit plan, if any, and makes proposals on the grant of options or other securities under any other management incentive plan of the Company, if any. The Nomination and Remuneration Committee meets as often as business requires. The length of the meetings usually lasted for about 2 hours in fiscal year 2010, during which the Nomination and Remuneration Committee held 2 meetings.

WORK METHOD OF THE BOARD OF DIRECTORS

As a rule, the Board of Directors meets about five to six times a year. Additional meetings or conference calls are held as and when necessary. The Board of Directors held 8 meetings during fiscal year 2010. The meetings of the Board of Directors usually lasted half a day. The Chairman determines the agenda and items to be discussed at the Board meetings. All members of the Board of Directors can request to add further items on the agenda.

The Chief Executive Officer, the Chief Financial Officer, the Global Chief Operating Officer and the Chief Legal Officer, also acting as Secretary to the Board, attend the meetings of the Board of Directors. Other members of the Group Executive Committee may attend meetings of the Board of Directors as and when required. The Board of Directors also engages specific advisors to address specific matters when required. Dufry does not publish further detailed information as to the engagement and / or participation of external advisors in Board meetings (other than information regarding the external auditors) during a fiscal year under review for reasons of competition, as doing so would give indications to strategic steps and intentions or specific projects that the Company might actively pursue.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors is the ultimate corporate body of Dufry AG. It further represents the Company towards third parties and shall manage all matters which by law, Articles of Incorporation or Board regulations have not been delegated to another body of the Company.

In accordance with the Board regulations ("Organisationsreglement"), the Board of Directors has delegated the operational management of the Company to the Chief Executive Officer who is responsible for overall management of the Dufry Group. The following responsibilities remain with the Board of Directors:
- ultimate direction of the business of the Company and the power to give the necessary directives;
- determination of the organization of the Company;
- administration of the accounting system, financial control and financial planning;
- appointment and removal of the persons entrusted with the management and representation of the Company, as well as the determination of their signatory power;
- ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with the law, the Articles of Incorporation, regulations and directives;
- preparation of the business report and the Meetings of Shareholders and to carry out the resolutions adopted by the Meeting of Shareholders;
- notification of the judge if liabilities exceed assets;
- passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- passing of resolutions confirming increases in share capital and the amendments of the Articles of Incorporation entailed thereby;
- non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Merger Act;
- examination of the professional qualifications of the Auditors;
- to approve any non-operational or non-recurring transaction not included in the annual budget and exceeding the amount of CHF 4,000,000;
- to issue convertible debentures, debentures with option rights or other financial market instruments;
- to approve the annual investment and operating budgets of the Company and the Dufry Group; and
- to approve the executive regulations promulgated in accordance with the board regulation.

Except for the Chairman of the Board of Directors, who has single signature authority, the members of the Board have joint signature authority, if any.

3.6 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE SENIOR MANAGEMENT

The Board ensures that it receives sufficient information from the management to perform its supervisory duty and to make the decisions that are reserved to the Board through several means.

- Dufry Group has an internal management information system that consists of financial statements, performance indicators and risk management. Information to management is provided on a regular basis according to the cycles of the business: sales on a weekly basis; income statement, cash management and key performance indicator (KPI) including customer, margins and investment information on a monthly basis; balance sheet and other financial statements on a quarterly basis. The management information is prepared on a consolidated basis as well as per business unit. Financial statements and key financial indicators / ratios are submitted to the entire Board of Directors on a quarterly basis.
- During Board meetings, each member of the Board may request information from the other members of the Board, as well as from the members of the management present on all affairs of the Company and the Group.
- Outside of Board meetings, each member of the Board may request from the Chief Executive Officer information concerning the course of business of the Company and the Group and, with the authorization of the Chairman, about specific matters.
- The Chief Executive Officer reports at each meeting of the Board on the course of business of the Company and the Group in a manner agreed upon from time to time between the Board and the Chief Executive Officer. Apart from the meetings, the Chief Executive Officer reports immediately any extraordinary event and any change within the Company and within the Dufry Group to the Chairman.
- The Audit Committee met 8 times in 2010 with management and external advisors to review the business, better understand laws, regulations and policies impacting the Dufry Group and its business and support the management in meeting the requirement and expectations of stakeholders. In meetings of the Audit Committee, the Chief Financial Officer acts as Secretary to the Committee. The Auditors are invited to the meetings of the Audit Committee and attended 3 meetings of the Audit Committee in 2010. Among these meetings some or part of them are also held without management.
- The Internal Audit provides independent and objective assessments of the effectiveness of the internal control and risk management systems. The selection of Internal Audit projects is based on risk assessment, with a focus on operational processes, throughout the Dufry Group. The results of Internal Audit are communicated to management in charge and the Company's senior management on an ongoing basis and to the Audit Committee on a quarterly basis. Regular follow-up is performed to ensure that risk mitigation and control improvement measures are implemented on a timely basis.

4. GROUP EXECUTIVE COMMITTEE

4.1 MEMBERS OF THE GROUP EXECUTIVE COMMITTEE

As of December 31, 2010, the Group Executive Committee comprised ten executives. The Group Executive Committee, under the control of the Chief Executive Officer, conducts the operational management of the Company pursuant to the Company's board regulations. The Chief Executive Officer reports to the Board of Directors on a regular basis.

The following table sets forth the name and year of appointment of the current ten members of the Group Executive Committee, followed by a short description of each member's business experience, education and activities:

NAME	NATIONALITY	POSITION	APPOINTED IN YEAR
Julián Díaz González	Spanish	Chief Executive Officer	2004
Xavier Rossinyol	Spanish	Chief Financial Officer	2004
José Antonio Gea	Spanish	Global Chief Operating Officer	2004
Pascal C. Duclos	Swiss	Chief Legal Officer	2005
Dante Marro	Italian	Chief Operating Officer Region Europe	2002
Miguel Ángel Martínez	Spanish	Chief Operating Officer Region Africa	2005
René Riedi	Swiss	Chief Operating Officer Region Eurasia	2000
José H. González	American	Chief Operating Officer Region Central America & Caribbean	2002
José Carlos Costa da Silva Rosa	Portuguese	Chief Operating Officer Region South America	2006
Joseph DiDomizio	American	Chief Operating Officer Region North America	2008

All employment agreements entered into with the members of the Group Executive Committee are entered for an undefinite period of time.

4.2 EDUCATION, PROFESSIONAL BACKGROUND, OTHER ACTIVITIES AND VESTED INTERESTS

JULIÁN DÍAZ GONZÁLEZ
Chief Executive Officer
born 1958

Education Degree in business administration from Universidad Pontificia Comillas I.C.A.D.E., de Madrid.
Professional Background 1989–1993 General Manager at TNT Leisure SA. 1993–1997 Division Director at Aldeasa. 1997–2000 Various managerial and business positions at Aeroboutiques de Mexico SA de CV and Deor SA de CV. 2000–2003 General Manager of Latinoamericana Duty-Free, SA de CV. Since 2004 Chief Executive Officer at Dufry AG.

XAVIER ROSSINYOL
Chief Financial Officer
born 1970

Education Bachelor's degree in Business Administration at ESADE (Spain), MBA at ESADE and at the University of British Columbia (Canada and Hong Kong), Master's degree in business law from Universidad Pompeu Fabra (Spain).
Professional Background 1995–2003 Various positions at Areas (member of the French group Elior) with responsibility for finance, controlling, strategic planning. Left Areas as its Corporate Development Director. Since 2004 Chief Financial Officer at Dufry AG.

JOSÉ ANTONIO GEA
Global Chief Operating Officer
born 1963

Education Degree in economics and business sciences from Colegio Universitario de Estudios Financieros.
Professional Background 1989–1995 Various positions at TNT Express Espana, SA. Director of its Blue Cow Division (1993–1995). 1995–2003 Various managerial positions at Aldeasa. Left Aldeasa as its Director of Operations. Since 2004 Global Chief Operating Officer at Dufry AG.

PASCAL C. DUCLOS
Chief Legal Officer
born 1967

Education Licence en droit from Geneva University School of Law, LL.M. from Duke University School of Law. Licensed to practice law in Switzerland and admitted to the New York Bar.
Professional Background 1991–1997 Senior attorney at law at Geneva law firm Davidoff & Partners. Also academic assistant at the University of Geneva School of Law (1994–1996). 1999–2001 Attorney at law at New York law firm Kreindler & Kreindler. 2001–2002 Financial planner at UBS AG in New York. 2003–2004 Senior foreign attorney at law at the Buenos Aires law firm Beretta Kahale Godoy. Since 2005 Chief Legal Officer and Secretary to the Board of Directors at Dufry AG.

DANTE MARRO
Chief Operating Officer Region Europe
born 1944

Education Graduate degrees in architecture from Milan's Technical University and business administration from Kensington University, Glendale, California.
Professional Background Prior to 1981 Served as public administrator and as an administrator of the Airport Milano and the Association Airports Italia. 1981 Joined Dufry. He held various managerial positions at Dufrital SpA as General Manager and Chairman of the Board (1987–1992) and acted as General Manager and Board Delegate of all Italian companies belonging to the Group from 1992–2002. Since 2002 Chief Operating Officer Region Europe at Dufry AG.

MIGUEL ÁNGEL MARTÍNEZ
Chief Operating Officer
Region Africa
born 1961

Education Bachelor's of science degree in economics and business administration from the Universidad de León.
Professional Background 1986–1991 Store Manager at C&A Valencia and Mallorca. 1991–1998 Various managerial positions at Aldeasa SA. 1998–2003 General Manager at Select Service Partner's subsidiary Madrid Trade Fair Center. Joined Dufry in 2004 as General Manager Dufry Tunisia and acted as Deputy Chief Operating Officer Region Africa. Since March 2005 Chief Operating Officer Region Africa at Dufry AG.

RENÉ RIEDI
Chief Operating Officer
Region Eurasia
born 1960

Education Degree in business administration from the School of Economy and Business Administration Zurich.
Professional Background Prior to 1993 Worked in product marketing and international sales of the multinational FMCG (Fast Moving Consumer Goods) company Unilever. 1993–2000 Joined Dufry in 1993 as Sales Manager Eastern Europe. Product Category Manager Spirits & Tobacco (1995–1996). Head of Product Marketing (1996–1997). Director Division Spirits & Tobacco (Weitnauer Distribution Ltd. 1998–2000). Since 2000 Chief Operating Officer Region Eurasia at Dufry AG.

JOSÉ H. GONZÁLEZ
Chief Operating Officer
Region Central
America & Caribbean
born 1946

Education Bachelor's of arts degree from Prieto University, Cuba.
Professional Background Prior to 1992 Active in retail and wholesale industry in North, Central and South America for more than 25 years. 1992 – 2002 Joined Dufry in 1992 and held various managerial and business positions. Since 2002 Chief Operating Officer Region Central America & Caribbean at Dufry AG.

JOSÉ CARLOS COSTA DA SILVA ROSA
Chief Operating Officer
Region South America
born 1955

Education Military and Civil Engineer's degree from the Academia Militar of Portugal.
Professional Background 1993–1994 Director of Property Management of Richard Ellis Portugal. 1994–2000 General Director of AmoreirasGest. 2000–2006 Retail Director at ANA-Aeropuertos de Portugal AS. Since 2006 Chief Operating Officer Region South America at Dufry AG.

JOSEPH DIDOMIZIO
Chief Operating Officer
Region North America
born 1970

Education Bachelor's of arts degree in Marketing and Business Administration from the University of Bridgeport.
Professional Background 1992–2008 Several managerial positions in Hudson Group (April–September 2008: President and CEO). Since October 2008 Chief Operating Officer Region North America at Dufry AG.

OTHER ACTIVITIES AND VESTED INTERESTS

Messrs Julián Díaz González and Xavier Rossinyol were members of the Board of Directors and of the Executive Committee of Dufry South America Ltd, the Company's subsidiary previously listed in Luxembourg and Brazil, which was merged with Dufry AG effective March 2010. Messrs Pascal Duclos, José Antonio Gea and José Carlos Rosa were members of the Executive Committee of Dufry South America Ltd. Mr. Pascal Duclos was also Secretary to the Board of Directors of Dufry South America Ltd. With the effectiveness of the Merger, these positions disappeared.

With the exception of their role in Dufry South America Ltd and the information discussed below, none of the members of the Group Executive Committee of Dufry AG has had other activities in governing and supervisory bodies of important Swiss and foreign organizations, institutions and foundations under private and public law. No member of the Group Executive Committee has permanent management and consultancy functions for important Swiss and foreign interest groups, or holds any official functions and political posts.

In addition to his employment relationship with the Dufry Group, Mr. Dante Marro, Chief Operating Officer for Region Europe and member of the Group Executive Committee, acting through GSA Srl Gestione Spazi Attrezzati (GSAS), was granted rights of usufruct over 10 percent of the Company's shareholding in its wholly owned subsidiary Dufry Shop Finance Limited Srl. The rights of usufruct granted to GSAS, which will expire on May 4, 2041, permit it to enjoy the benefits of share ownership, including the receipt of dividends. Upon expiration of the rights of usufruct, provided that the total profits of Dufry Shop Finance Limited Srl shall not have been declared as dividends, GSAS shall be entitled to receive 10 percent of withheld profits accumulated as reserves on the balance sheet of Dufry Shop Finance Limited Srl as of May 4, 2041.

In addition to his employment relationship with the Group, Mr. José González, Chief Operating Officer for region Central America & Caribbean and member of the Group Executive Committee, owns 26.3 percent of the share capital of the subsidiary Puerto Libre International SA (PLISA). PLISA operates duty free shops at the international airport of Managua as well as border shops in Nicaragua.

4.3 MANAGEMENT CONTRACTS

Dufry Group does not have management contracts with companies or natural persons not belonging to the Group.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND THE SHAREHOLDING PROGRAMS

BOARD OF DIRECTORS

The Board of Directors determines the amount of the fixed remuneration of its members, taking into account their responsibilities, experience, and the time they invest in their activity as members of the Board of Directors. The Nomination and Remuneration Committee makes proposals in relation to the compensation of the members of the Board of Directors. The Board of Directors ultimately decides on the compensation to its members, upon proposal of the Nomination and Remuneration Committee, once per year and at its own discretion. Extraordinary assignments or work which a member of the Board of Directors accomplishes outside of his activity as a Board member is specifically remunerated and is approved by the Board of Directors. In addition, the members of the Board of Directors are reimbursed all reasonable cash expenses incurred by them in the discharge of their duties.

Juan Carlos Torres Carretero (Chairman), Ernest George Bachrach (Vice Chairman) and Steve Tadler (member; in fiscal year 2009: David Mussafer, member) do not receive compensation as members of the Board of Directors of Dufry AG, as they are representing the interests of Advent International Corporation and its funds in the group of shareholders described on section "1.2 Significant shareholders" on page 47.

GROUP EXECUTIVE COMMITTEE

Members of the Group Executive Committee receive compensation packages, which consist of a fixed basic salary in cash that reflects competitive compensation, the experience and the area of responsibility of each individual member, and a performance related cash bonus. The bonus is defined once per year and depends on the overall financial results of the Group and of specific sub-divisions thereof, as well as on achieving defined goals by each individual person. Each member of the Group Executive Committee has its own bonus. The main part of the bonus is related to measures regarding financial results, in fiscal year 2010 mainly EBITDA, both of the Group and of the Region in the case of the Regional Chief Operating Officers. Such financial measures are weighted with up to 90%. Non-results oriented targets are also taken into account and are reflected with a weighting of approx. 10%. The bonus component can be between a minimum of zero and no maximum.

The bonus part of the compensation for the members of the Group Executive Committee represented in 2010 between zero and 113% of their fixed basic salary and amounted to CHF 2.24 million in the aggregate (2009: between zero and 82% of fixed basic salary and an amount of CHF 1.34 million in the aggregate). In addition, fringe benefits such as health insurance in an amount of CHF 0.50 million in the aggregate have been granted to certain members (2009: CHF 0.49 million). The bonus compensation for each of the members of the Group Executive Committee is approved by the Chief Executive Officer at his own discretion. The CEO's own compensation is proposed by the Nomination and Remuneration Committee and decided upon by the Board of Directors at their own discretion. The Chief Executive Officer does not participate during the time of the meeting that the Nomination and Remuneration Committee and the Board of Directors discuss his compensation. The Board of Directors receives the proposal for the compensation of the Chief Executive Officer from the Nomination and Remuneration Committee once per year. The Nomination and Remuneration Committee and the Board of Directors review yearly the compensation of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Legal Officer.

The Company also has Restricted Stock Unit (RSU) plans in place for the members of the Group Executive Committee and certain members of the Dufry Group management (RSU plan participants). The RSU awarded on January 1, 2010 vested on January 1, 2011, date at which the RSU awards were converted into shares of Dufry AG, freely tradable by the RSU plan participants.

From an economic point of view, the RSU are stock options with an exercise price of nil. The vesting of the RSU awards is conditioned upon the price of the Dufry share at the vesting date being superior to the price of the Dufry share at the grant date. The total number of RSUs to be granted yearly is set forth in the RSU plans. The RSU plans have been approved by the Nomination and Remuneration Committee and the Board of Directors. Pursuant to the RSU plans, the Chief Executive Officer, in its own and sole discretion, decides the amount of each specific grant to each individual plan participant. The grants made to the Chief Executive Officer are decided by the Chairman.

For information on individual grants please refer to Note "Compensation, participations and loans" on page 163 of this Annual Report. The fair value calculation and the individual vesting conditions of the granted RSUs are described in Note 30 of this Annual Report.

In 2010, 281,362 RSUs vested under the above mentioned RSU Plans, i.e. 1.04% of the total ordinary share capital of Dufry AG.

Additionally of legal and tax advices, Dufry consulted external advisors in respect of structuring the compensation.

The employment contracts of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Chief Legal Officer provide for a termination notice of 3 months and a severance payment corresponding to the salary of 24 months if the employee qualifies as a bad leaver.

5.2 COMPENSATION, SHAREHOLDINGS AND LOANS OF ACTING AS WELL AS FORMER MEMBERS OF GOVERNING BODIES

For detailed information on remuneration, shareholdings and loans please refer to the Financial Statements, Statutory Notes on page 163 of this Annual Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHTS AND REPRESENTATION

Each share recorded as share with voting rights in the share register confers one vote on its registered holder. Each shareholder duly registered in the share register on the record date may be represented at the Meeting of Shareholders by any person who is authorized to do so by a written proxy. A proxy does not need to be a shareholder. Shareholders entered in the share register as shareholders with voting rights on a specific qualifying date (record date) designated by the Board of Directors shall be entitled to vote at the Meeting of Shareholders and to exercise their votes at the Meeting of Shareholders. See section 6.5 below.

Nominees are only entitled to represent registered shares held by them at a Meeting of Shareholders, if they are registered in the share register in accordance with article 5 para. 4 of the Articles of Incorporation and if they hold a valid written proxy granted by the beneficial owner of the registered shares instructing the nominee how to vote at the Meeting of Shareholders. Shares held by a nominee for which it is not able to produce such a proxy count as not be represented at the Meeting of Shareholders.

As explained under section 2.4 above, BDR holders do not own the Dufry AG shares underlying their BDRs. As a consequence, BDR holders are prevented from exercising directly any of the shareholders rights provided for by the Company's Articles of Incorporation and by Swiss corporate law. For example, BDR holders are not entitled to personally participate in the Ordinary General Meetings of the Company. However, BDR holders are entitled to instruct the Depositary Institution to vote the Company's shares underlying their BDRs, according to the instructions sent to them by the Depositary Institution.

See section 2.4 before or the Articles of Incorporation on our website http://www.dufry.com/en/Investors/Articlesofincorporation/index.htm.

6.2 QUORUMS

The Meeting of Shareholders shall be duly constituted irrespective of the number of shareholders present or of shares represented. Unless the law or Articles of Incorporation provide for a qualified majority, an absolute majority of the votes represented at a Meeting of Shareholders is required for the adoption of resolutions or for elections, with abstentions, blank and invalid votes having the effect of "no" votes. The Chairman of the Meeting shall have a casting vote.

A resolution of the Meeting of Shareholders passed by at least two thirds of the votes represented and the absolute majority of the nominal value of shares represented shall be required for:

1. a modification of the purpose of the Company
2. the creation of shares with increased voting powers
3. restrictions on the transfer of registered shares and the removal of such restrictions
4. restrictions on the exercise of the right to vote and the removal of such restrictions
5. an authorized or conditional increase in share capital
6. an increase in share capital through the conversion of capital surplus, through a contribution in kind or in exchange for an acquisition of assets, or a grant of special benefits upon a capital increase
7. the restriction or denial of pre-emptive rights
8. the change of the place of incorporation of the Company
9. the dismissal of a member of the Board of Directors
10. an increase in the maximum number of members of the Board of Directors
11. the dissolution of the Company
12. other matters where statutory law provides for a corresponding quorum

6.3 CONVOCATION OF THE MEETING OF SHAREHOLDERS

The Meeting of Shareholders shall be called by the Board of Directors or, if necessary, by the Auditors. One or more shareholders with voting rights representing in aggregate not less than 10% of the share capital can request, in writing, that a Meeting of Shareholders shall be convened. Such request must be submitted to the Board of Directors, specifying the items and proposals to appear on the agenda.

The Meeting of Shareholders shall be convened by notice in the Swiss Official Gazette of Commerce (SOGC) not less than 20 days before the date fixed for the Meeting. Registered shareholders will also be informed by ordinary mail.

6.4 AGENDA

The invitation for the Meeting of Shareholders shall state the day, time and place of the Meeting, and the items and proposals of the Board of Directors and, if any, the proposals of the shareholders, who demand that the Meeting of Shareholders be called or that items be included in the agenda.

One or more shareholders with voting rights whose combined holdings represent an aggregate nominal value of at least CHF 1,000,000 may request that an item be included in the agenda of a Meeting of Shareholders. Such a request must be made in writing to the Board of Directors at the latest 60 days before the Meeting and shall specify the agenda items and the proposals made.

6.5 REGISTRATION IN THE SHARE REGISTER

The record date for the inscription of registered shareholders into the share register in view of their participation in the Meeting of Shareholders is defined by the Board of Directors. It is usually 19 days before the Meeting. Shareholders who dispose of their shares before the Meeting of Shareholders are no longer entitled to vote.

7. CHANGE OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER

An investor who acquires more than 33 1/3% of all voting rights (directly, indirectly or in concert with third parties) whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding (Art. 32 SESTA). The Articles of Incorporation of the Company contain neither an opting-out nor an opting-up provision (Art. 22 SESTA).

7.2 CLAUSES ON CHANGE OF CONTROL

In case of change of control or in any event which would trigger a mandatory offer pursuant to the SESTA with respect to the Company, the Restricted Stock Units awarded to the RSU Plan Participants shall vest immediately. In case of change of control, all amounts drawn under the CHF 800,000,000 and USD 435,000,000 multicurrency term and revolving credit facility agreement shall become immediately due and payable.

8. AUDITORS

8.1 AUDITORS, DURATION OF MANDATE AND TERM OF OFFICE OF LEAD AUDITOR

Pursuant to the Articles of Incorporation, the Auditors shall be elected every year and may be re-elected. Ernst & Young Ltd acted as Auditors and has held the mandate as Auditor since 2004. Bruno Chiomento has been the Lead Auditor in charge for the consolidated financial statements of the Company and the statutory financial statements as of December 31, 2010. Mr. Chiomento took the existing auditing mandate in 2005.

8.2 AUDITING FEE

During fiscal year 2010, Dufry agreed with Ernst & Young Ltd to pay a fee of CHF 2.6 million for services in connection with auditing the statutory annual financial statements of Dufry AG (including quarterly reviews) and its subsidiaries, as well as the consolidated financial statements of Dufry Group and a fee of CHF 0.1 million for services in connection with the merger of Dufry AG with Dufry South America Ltd and other audit related services.

8.3 ADDITIONAL FEES

Additional fees amounting to CHF 1.0 million were paid to Ernst & Young Ltd for transaction services and CHF 0.2 million for tax services.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee as a committee of the Board of Directors reviews and evaluates the performance and independence of the Auditors at least once each year. Based on its review, the Audit Committee recommends to the Board of Directors, which external Auditor should be proposed for election at the General Meeting of Shareholders. The decision regarding this agenda item is then taken by the Board of Directors.

When evaluating the performance and independence of the Auditors, the Audit Committee puts special emphasis on the following criteria: Global network of the audit firm, professional competence of the lead audit team, understanding of Dufry's specific business risks, personal independence of the lead auditor and independence of the audit firm as a company, co-ordination of the Auditors with the Audit Committee and the Senior Management/Finance Department of Dufry Group, practical recommendations with respect to the application of IFRS regulations. The Audit Committee proposes to the Board of Directors the fee for the audit related services that it discussed with the Auditors. The ultimate decision for the audit fee lies with the entire Board of Directors. Within the yearly approved budget, there is also an amount permissible for non-audit services that the Auditors may perform. Within the scope of the approved and budgeted amount, the Chief Financial Officer can delegate non-audit related mandates to the Auditors.

The Audit Committee determines the scope of the external audit and the relevant methodology to be applied to the external audit with the Auditors and discusses the results of the respective audits with the Auditors. The Auditors prepare a management letter addressed to the Senior Management, the Board of Directors and the Audit Committee once per year, informing them in detail on the result of their audit. In fiscal year 2010, the Auditors also performed a review of the interim consolidated financial statements for the 9 months and 6 months period.

Representatives of the Auditors are regularly invited to meetings of the Audit Committee, namely to attend during those agenda points that deal with accounting, financial reporting or auditing matters. In addition, the Audit Committee reviews regularly the internal audit plan.

During the fiscal year 2010, the Audit Committee held 8 meetings. The Auditors were present at 3 of those meetings. The Board of Directors has determined the rotation interval for the Lead Auditor to be seven years, as defined by the Swiss Code of Obligation; such rotation shall occur in 2012.

9. INFORMATION POLICY

Dufry is committed to open and transparent communication with its shareholders, financial analysts, potential investors, the media, customers, suppliers and other interested parties.

Since fiscal year 2010, Dufry AG publishes its financial reports on a quarterly basis, both in English and Portuguese. The financial reports and media releases containing financial information are available on the Company website.

In addition, Dufry AG organizes presentations and conference calls with the financial community and media to further discuss details of the reported earnings or on any other matters of importance. The Company undertakes roadshows for institutional investors on a regular basis.

Details and information on the business activities, Company structure, financial reports, media releases and investor relations are available on the Company's website www.dufry.com.

The official means of publication of the Company is the Swiss Official Gazette of Commerce https://www.shab.ch

Web-links regarding the SIX Swiss Exchange push- / pull-regulations concerning ad-hoc publicity issues are
http://www.dufry.com/en/OurCompany/NewsandMedia/Latestnews/index.htm
http://www.dufry.com/en/OurCompany/NewsandMedia/Mediareleasesubscription/index.htm

Web-links regarding the filings made by the Company with the CVM or BM&FBOVESPA are
http://www.dufry.com/en/Investors/CVMFilings/QuarterlyFinancialStatementsITR/index.htm
http://www.cvm.gov.br
http://www.bovespa.com.br

The current Articles of Incorporation are available on Dufry's website under
http://www.dufry.com/en/Investors/Articlesofincorporation/index.htm

The financial reports are available under
http://www.dufry.com/en/Investors/FinancialReports/index.htm

For the Investor Relations and Corporate Communications contacts as well as a summary of anticipated key dates in 2011 please refer to page 168 of this Annual Report.

CHIEF FINANCIAL OFFICER
MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS

DEAR ALL

Fiscal year 2010 was a tremendous year for Dufry – both in terms of growth as well as financial performance – even ahead of the positive trends in passenger numbers and the good economic development in general. Particularly, we saw a strong performance in emerging markets, which contribute around 60% to Dufry's turnover and 70% to the Group's EBITDA. Overall, top line growth reached almost 15% based on constant FX rates, of which organic growth accounted for 10.1%. Also, we increased our gross margin for the seventh consecutive year and the improvements in 2010 were achieved thanks to our systematic approach and our in-depth expertise in travel retailing. We were able to implement further improvements in procurement, and to leverage our logistics and marketing activities, as well as negotiating globally better terms with our suppliers. We grew our EBITDA by 19.2% on constant FX rates improving our EBITDA margin by 0.4 percentage points to 13.1% compared to the previous year. Last but not least, we again generated a significant amount of cash flow from operations of CHF 362.5 million.

EVOLUTION DUFRY GROUP 2003–2010

	2003	2010	CAGR[2]
Turnover (CHF millions)	686	2,610	21%
EBITDA[1] (CHF millions)	49	343	32%
Retail surface (m^2)	36,750	154,366	23%
Airports	47	143	17%

[1] EBITDA before other operational result
[2] CAGR 2003–2010

TURNOVER

Turnover measured in Swiss Franc totaled CHF 2,610.2 million in 2010, up 9.7% from CHF 2,378.7 million in 2009. Apart from the contribution of a double-digit organic growth, new concessions (net) added 4.7%, whereas the FX impact of translating into Swiss Franc was negative by 5.1%.

Turnover of **Region Europe** grew by 6.3% in local currency, driven by the operations at Milan Malpensa airport, which started to improve in the second half of 2010, and by the roll out of the Hudson News concept in various Italian railway stations. In Swiss Franc terms, turnover in 2010 stood at CHF 310.8 million versus CHF 316.8 million in 2009. The closing down of the European airspace due to the volcano ash cloud in April 2010, and the snow storms in Europe in December 2010 had a very limited impact on our operations.

Region Africa's turnover in 2010 increased by 5.3% in local currencies. In absolute terms, turnover reached CHF 184.1 million in the period. In Egypt, our operation in Sharm-el-Sheikh Airport was temporarily closed due to flooding between January and February 2010. On the other hand, we opened a new operation in Alexandria's new International Airport in December 2010, which will start contributing in 2011. Morocco and Tunisia had a very good performance throughout the year.

In **Region Eurasia,** turnover in local currencies increased by 2.7%. Translated into Swiss Franc, turnover came to CHF 229.1 million in 2010 versus CHF 232.1 million in the previous year. Our operation in Moscow-Domodedovo performed very well on the back of double-digit traffic growth and we are also pleased with our operations in Shanghai, which we opened in March 2010 and which continued to ramp up. On the other hand, Dufry's repositioning at Singapore airport, with the closing down of certain shops and the focus being on duty paid convenience stores under the Hudson News brand, led to a drop in turnover in that location from the fourth quarter onwards.

In **Region Central America & Caribbean,** turnover increased by 6.4% measured in local currencies. Translating into Swiss Franc, turnover came to CHF 400.0 million in 2010, compared to CHF 392.1 million in 2009. Turnover in the English speaking Caribbean gradually recovered from the lows seen in 2009, but remained behind the other Caribbean businesses, which saw a continued upward trend throughout the year. Business in Mexico experienced a setback in September due to Mexicana, one of the two incumbent carriers in Mexico which stopped operating and has gone into "Concurso Mercantil" (the Mexican version of a Chapter 11 process), resulting in substantially lower passenger numbers. Some airlines have started to build up their flight schedule to this region, but the overall situation remained weak until year-end.

Turnover of **Region South America** increased by 39.5% on constant FX rates. In absolute Swiss Franc terms, turnover reached CHF 713.3 million in 2010, from CHF 530.0 million in 2009. Our turnover growth was well ahead of the respective passenger growth and was driven by several initiatives that we implemented during 2010 in our Brazilian operations. For example, we fine-tuned the payment possibilities as we introduced the possibility for Brazilian customers to pay in up to seven installments. Also, we launched innovative promotions and sales incentive programs. All elements together generated a solid increase in the spend-per-passenger on top of the strong passenger growth.

Turnover of **Region North America,** which includes Hudson News in the USA and Canada, as well as our duty free shops in US locations, increased by 11.6% based on constant FX rates. In Swiss Franc terms, turnover amounted to CHF 755.8 million in 2010, from CHF 699.6 million in 2009. The Hudson News business continued its positive organic growth trend as did the other operations in the USA. This was further supported by an active development of the concession portfolio in the country with the opening of 66 Hudson News shops. Despite the economic environment in the US still being complex, we achieved a double-digit growth through a combination of productivity improvements, external growth and passenger growth.

The international roll-out of the Hudson News concept has also progressed well and we opened 74 Hudson News stores in the past two years outside the USA and Canada. The performance of those shops has been very good in general and we will continue to develop the business model as well as to expand our shop network in line with our strategy.

GROWTH AT CONSTANT FX RATES

IN MILLIONS OF CHF	2010	GROWTH RATE 2010 IN %	2009
Turnover at constant FX rates	2,730.4	+14.8%	2,378.7
Turnover translated into CHF	2,610.2	+9.7%	2,378.7
EBITDA at constant FX rates	359.0	+19.2%	301.1
EBITDA translated into CHF	343.1	+13.9%	301.1

GROSS PROFIT

Gross profit in 2010 amounted to CHF 1,501.9 million, up 13.0% from CHF 1,329.4 million in 2009. The continuation of the global negotiations with suppliers, coupled with economies of scale and the further development of initiatives started in 2010 as part of the "Dufry plus One" project all contributed to the increase in gross margin. Gross margin improved by 1.6 percentage points to 57.5% in 2010 versus 55.9% in 2009.

SELLING EXPENSES

Selling expenses, net, came to CHF 584.8 million, or 22.4% of turnover in 2010, versus CHF 510.9 million, or 21.5% of turnover in 2009. The start-up phase of a number of new projects, as well as the impact of certain locations, led to an increase in concession fees in 2010. The effect was however amplified on relative terms as Dufry benefited from temporary rebates on concession fees during the first quarter of 2009.

CONSOLIDATED INCOME STATEMENT

IN MILLIONS OF CHF	2010	2010 %	2009	2009 %
Net sales	2,533.5		2,307.1	
Advertising income	76.7		71.6	
Turnover	**2,610.2**	**100.0%**	**2,378.7**	**100.0%**
Cost of sales	(1,108.3)		(1,049.3)	
Gross Profit	**1,501.9**	**57.5%**	**1,329.4**	**55.9%**
Selling expenses	(584.8)	22.4%	(510.9)	21.5%
Personnel expenses	(398.9)	15.3%	(361.3)	15.2%
General expenses	(175.1)	6.7%	(156.1)	6.6%
EBITDA (before other operational result)	**343.1**	**13.1%**	**301.1**	**12.7%**
Depreciation, amortization and impairment	(129.5)	5.0%	(123.0)	5.2%
Other operational result	(15.7)		(14.7)	
EBIT	**197.9**	**7.6%**	**163.4**	**6.9%**
Financial expenses, net	(32.2)		(43.4)	
EBT	**165.7**	**6.3%**	**120.0**	**5.0%**
Income taxes	(20.9)		(22.7)	
Net earnings	**144.8**	**5.5%**	**97.3**	**4.1%**
ATTRIBUTABLE TO:				
Equity holders of the parent	116.6		38.5	
Minority interests	28.2		58.8	
Net earnings to equity holders adjusted for amortization in respect of acquisitions	**164.5**		**75.6**	
Basic earnings per share (IFRS) in CHF	4.63		2.01	
Cash earnings per share[1] in CHF	6.54		3.94	
Weighted average number of shares used in computation of EPS (in millions)	25.2		19.2	

[1] adjusted for amortization of acquisitions

PERSONNEL EXPENSES AND GENERAL EXPENSES

In 2010, personnel expenses amounted to CHF 398.9 million, compared to CHF 361.3 million in 2009. As a percentage of the overall turnover, personnel expenses remained stable at 15.3% from 15.2% in 2009. The number of full time equivalents increased by 6.1% to 11,892 on December 31, 2010, compared to 11,209 on the same period last year.

General expenses, net, came to CHF 175.1 million in 2010 from CHF 156.1 million in 2009. As a percentage of turnover, these expenses remained stable and reached 6.7% in 2010 compared to 6.6% in 2009.

EBITDA

In 2010, EBITDA (before other operational result) grew by 19.2% on constant FX rates. When translated into Swiss Franc, EBITDA reached CHF 343.1 million, a growth of 13.9% compared to CHF 301.1 million in 2009. EBITDA margin improved by 0.4 percentage points to 13.1% versus 12.7% in 2009.

DEPRECIATION AND AMORTIZATION

Depreciation and Amortization rose to CHF 129.5 million in 2010 from CHF 123.0 million in 2009. Depreciation remained flat at CHF 63.7 million in 2010 versus CHF 63.9 million in the previous year. When measured as percentage of turnover, depreciation decreased to 2.4% in 2010 from 2.7% in 2009. Amortization increased by CHF 6.7 million, to CHF 65.8 million in 2010 from CHF 59.1 million in 2009. We adjusted the criteria to amortize our intangible assets in Mexico and Italy with a total effect of CHF 3.9 million.

EBIT

EBIT increased by 21.1% to CHF 197.9 million in 2010 compared to CHF 163.4 million in 2009. Other operational result (net) reached minus CHF 15.7 million, an increase of CHF 1.0 million when compared to the same period last year. Restructuring costs amounted to CHF 4.1 million and the measures taken should help to support future profitability in 2011 and beyond. Expenses related to projects and start-up's accounted for CHF 7.3 million.

FINANCIAL RESULT

Net financial expenses were reduced by CHF 11.2 million to CHF 32.2 million in 2010 versus CHF 43.4 million in 2009. The lower interest rates in comparison to 2009, partially due to the lower leverage, were the main factors for the decrease of these expenses.

FX effect in 2010 was zero. Dufry is to a large extent naturally hedged and has mainly FX translation effects when converting into Swiss Franc. This structural strength is further supplemented through a pro-active financial risk management looking for short term re-balancing and allowing absorbing substantial swings in the FX rates as seen in 2010.

TAXES

Dufry's income tax expense 2010 was only CHF 20.9 million, a remarkable reduction of CHF 1.8 million compared with 2009 taking into consideration that the EBT grew in this period by 38%. Measured in terms of effective tax rate we achieved 12.6% in 2010 compared with 18.9% reached in 2009. This reduction in the relative and absolut level of expense is partially due to one off adjustments related to certain initiatives, including measures like a royalty concept implemented as part of the One Dufry initiative, but partially offset by higher tax expenses generated in faster growing countries with above average tax rates.

NET EARNINGS

Net earnings before minorities grew 48.8% to CHF 144.8 million in 2010 from CHF 97.3 million in the previous year. Earnings attributable to the equity holders tripled to CHF 116.6 million in 2010 compared to CHF 38.5 million in 2009. Minority interest decreased to CHF 28.2 million in 2010 versus CHF 58.8 million in 2009 due to the merger of Dufry South America Ltd. and Dufry AG completed in April 2010.

In 2010, basic earnings per share came to CHF 4.63 versus CHF 2.01 in 2009. Cash earnings per share adjusted for the amortization effect of acquisitions resulted in CHF 6.54 versus CHF 3.94 in 2009.

CASH FLOW

Our business remained strongly cash-generative also in 2010. Net cash from operating activities was CHF 327.0 million. Excluding the investment in net working capital, which was driven by Dufry's top-line growth, operating cash flow before net working capital changes was CHF 372.8 million compared to CHF 313.9 million in the same period of last year. Capital expenditure for 2010 stood at CHF 97.9 million, compared to CHF 68.0 million registered in 2009.

LIQUIDITY AND CAPITAL RESOURCES

Net debt on a pro forma basis decreased to CHF 458.1 million as of December 31, 2010, compared to CHF 609.8 million recorded in the same period last year. Including the dividend payment and the transactions cost related to the merger between Dufry AG and Dufry South America Ltd., effective net debt at year-end 2010 was CHF 637.9 million. The main covenant, Net Debt/adjusted EBITDA, further improved and stood at 2.1 x.

KEY DEVELOPMENTS

The merger of Dufry AG and Dufry South America Ltd. was an important event in 2010, which had a very positive impact on the Company's free float and market capitalization, as well as from a strategic perspective, as the merger has unlocked growth opportunities globally and in Latin America.

In terms of shareholder structure, Dufry's main shareholders, funds managed by Advent International, made a successful placement of 10.9% of Dufry shares via an accelerated book-building process at the beginning of September 2010. As a result of the merger and the placement of Advent International, Dufry's free float increased to 73.1%. At the same time, we also experienced a substantial increase in the market capitalization to CHF 3,394 million at December 31, 2010, from CHF 1,346 million in the previous year. This development was supported by a substantial increase in trading volumes, which multiplied by factor 5 to more than CHF 10 million per day on average in the last quarter of 2010.

As part of the One Dufry initiative, we defined a number of projects to strengthen the risk management and in 2010, we progressed in several areas. For example, we fully centralized financial risk management, expanded our Internal Audit activities and defined concepts to improve IT platforms for risk management purposes as well as internal control systems. Risk management will continue to be one of the priorities for Dufry in 2011 and 2012, as it is a key component to the sustainability of profits and returns as today's rapid changes of the risk landscape illustrate.

The strong set of financials delivered by Dufry in 2010 highlights the strengths of our business model once again and proves our capacity to capture the growth opportunities in various regions. The trend towards emerging markets in particular is likely to be structural and Dufry's strategy since 2004 focusing on tourist destinations and emerging markets has taken full advantage of this trend.

Our in-depth knowledge and understanding of the travel retail markets, strong partnerships with key suppliers and landlords, a broad portfolio of expansion projects, as well as the continuous commitment of our employees, let us be confident to deliver another strong performance in 2011.

Xavier Rossinyol

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CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

CONSOLIDATED INCOME STATEMENT

for the year ended December 31, 2010

IN MILLIONS OF CHF	NOTE	2010	2009
Net sales	7	2,533.5	2,307.1
Advertising income		76.7	71.6
TURNOVER		**2,610.2**	**2,378.7**
Cost of sales	8	(1,108.3)	(1,049.3)
GROSS PROFIT		**1,501.9**	**1,329.4**
Selling expenses	9	(584.8)	(510.9)
Personnel expenses	11	(398.9)	(361.3)
General expenses	12	(175.1)	(156.1)
EBITDA before other operational result		**343.1**	**301.1**
Depreciation, amortization and impairment	13	(129.5)	(123.0)
Other operational result	14	(15.7)	(14.7)
Earnings before interest and taxes (EBIT)		**197.9**	**163.4**
Interest expenses	15	(37.0)	(46.2)
Interest income	16	4.8	5.7
Foreign exchange gain/(loss)	17	–	(2.9)
Earnings before taxes (EBT)		**165.7**	**120.0**
Income taxes	17	(20.9)	(22.7)
NET EARNINGS		**144.8**	**97.3**
ATTRIBUTABLE TO:			
Equity holders of the parent		116.6	38.5
Non-controlling interests		28.2	58.8
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	18		
Basic earnings per share in CHF		4.63	2.01
Diluted earnings per share in CHF		4.58	1.98
EPS adjusted for amortization (cash EPS) in CHF		6.54	3.94
Weighted average number of outstanding shares in million		25.2	19.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2010

IN MILLIONS OF CHF	NOTE	2010	2009
NET EARNINGS		**144.8**	**97.3**
Other comprehensive income:			
Net gain/(loss) on hedge of net investment in foreign operation		20.9	16.5
Changes in the fair value of interest rate swaps held as cash flow hedges		(2.2)	–
Exchange differences on translating foreign operations		(105.9)	(31.4)
Other comprehensive income before taxes		**(87.2)**	**(14.9)**
Income tax relating to net gain/(loss) on hedge of net investment		(6.3)	(1.6)
Income tax on cash flow hedges		0.3	–
Income tax relating to components of other comprehensive income		**(6.0)**	**(1.6)**
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(93.2)**	**(16.5)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**51.6**	**80.8**
ATTRIBUTABLE TO:			
Equity holders of the parent		2.9	28.3
Non-controlling interests		48.7	52.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at December 31, 2010

IN MILLIONS OF CHF	NOTE	31.12.2010	31.12.2009
ASSETS			
Property, plant and equipment	19	225.9	241.6
Intangible assets	21	1,188.6	1,350.5
Deferred tax assets	23	137.8	140.9
Other non-current assets	24	38.4	34.7
Non-current assets		**1,590.7**	**1,767.7**
Inventories	25	306.1	306.5
Trade and credit card receivables	26	50.8	48.2
Other accounts receivable	27	104.9	107.6
Income tax receivables		6.1	14.8
Cash and cash equivalents	28	80.6	405.3
Current assets		**548.5**	**882.4**
TOTAL ASSETS		**2,139.2**	**2,650.1**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity attributable to equity holders of the parent		733.7	674.5
Non-controlling interests		81.1	323.1
Total equity		**814.8**	**997.6**
Financial debt	32	683.1	798.6
Deferred tax liabilities	23	146.3	163.5
Provisions	33	3.1	3.3
Post-employment benefit obligations	34	6.4	7.9
Other non-current liabilities	35	9.6	5.1
Non-current liabilities		**848.5**	**978.4**
Trade payables		203.9	202.0
Financial debt	32	35.3	216.4
Income tax payables		11.7	17.0
Provisions	33	2.4	2.4
Other liabilities	35	222.6	236.3
Current liabilities		**475.9**	**674.1**
Total liabilities		**1,324.4**	**1,652.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,139.2**	**2,650.1**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2010

IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Hedging and revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
Balance at January 1, 2010		**96.1**	**391.4**	**(18.2)**	**–**	**(87.2)**	**292.4**	**674.5**	**323.1**	**997.6**
Net earnings		–	–	–	–	–	116.6	116.6	28.2	144.8
Other comprehensive income (loss)	29.2	–	–	–	(1.9)	(111.8)	–	(113.7)	20.5	(93.2)
Total comprehensive income for the year		**–**	**–**	**–**	**(1.9)**	**(111.8)**	**116.6**	**2.9**	**48.7**	**51.6**
Contributions by and distributions to owners:										
Issue of share capital	29	38.8	565.2	–	–	–	–	604.0	–	604.0
Dividends to non-controlling interests[1]	6.1	–	–	–	–	–	–	–	(175.2)	(175.2)
Transaction costs of share issuance	6.1	–	(22.4)	–	–	–	–	(22.4)	–	(22.4)
Purchase of treasury shares	30.2	–	–	(28.5)	–	–	–	(28.5)	–	(28.5)
Tax effect on equity transactions	17	–	–	–	–	–	4.4	4.4	–	4.4
Distribution of treasury shares	30.2	–	–	18.0	–	–	(18.0)	–	–	–
Share-based payment	30	–	–	–	–	–	12.0	12.0	–	12.0
Total contributions by and distributions to owners		**38.8**	**542.8**	**(10.5)**	**–**	**–**	**(1.6)**	**569.5**	**(175.2)**	**394.3**
Changes in ownership interests in subsidiaries:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	(513.2)	(513.2)	(115.5)	(628.7)
Balance at December 31, 2010		**134.9**	**934.2**	**(28.7)**	**(1.9)**	**(199.0)**	**(105.8)**	**733.7**	**81.1**	**814.8**

[1] Dividends to non-controlling interests for the year ended December 31, 2010 include CHF 158.0 million in respect of the Dufry South America Ltd Merger (see note 6.1)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2010

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT								
IN MILLIONS OF CHF	Note	Share capital	Share premium	Treasury shares	Hedging and revaluation reserves	Translation reserves	Retained earnings	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at January 1, 2009		**96.1**	**391.4**	**(9.1)**	**–**	**(77.0)**	**258.6**	**660.0**	**293.6**	**953.6**
Net earnings		–	–	–	–	–	38.5	38.5	58.8	97.3
Other comprehensive income (loss)	29.2	–	–	–	–	(10.2)	–	(10.2)	(6.3)	(16.5)
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(10.2)**	**38.5**	**28.3**	**52.5**	**80.8**
Contributions by and distributions to owners:										
Dividends to non-controlling interests	6.1	–	–	–	–	–	–	–	(27.9)	(27.9)
Purchase of treasury shares	30.2	–	–	(18.2)	–	–	–	(18.2)		(18.2)
Tax effect on equity transactions	18	–	–	–	–	–	0.1	0.1	–	0.1
Distribution of treasury shares	30.2	–	–	9.1	–	–	(9.1)	–	–	–
Share-based payment	30	–	–	–	–	–	4.3	4.3	–	4.3
Total contributions by and distributions to owners		**–**	**–**	**(9. 1)**	**–**	**–**	**(4.7)**	**(13.8)**	**(27.9)**	**(41.7)**
Changes in ownership interests in subsidiaries:										
Changes in participation of non-controlling interests	31	–	–	–	–	–	–	–	4.9	4.9
Balance at December 31, 2009		**96.1**	**391.4**	**(18.2)**	**–**	**(87.2)**	**292.4**	**674.5**	**323.1**	**997.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2010

IN MILLIONS OF CHF	NOTE	2010	2009
Earnings before taxes (EBT)		165.7	120.0
ADJUSTMENTS FOR			
Depreciation, amortization and impairment	13	129.5	123.0
Increase / (decrease) in allowances and provisions		3.6	1.4
Loss / (gain) on unrealized foreign exchange differences		28.7	22.9
Other non-cash items		13.1	6.1
Interest expenses	15	37.0	46.2
Interest income	16	(4.8)	(5.7)
Cash flow before working capital changes		**372.8**	**313.9**
Decrease / (increase) in trade and other accounts receivable		(23.6)	5.6
Decrease / (increase) in inventories	25	(32.7)	41.7
Increase / (decrease) in trade and other accounts payable		46.0	58.2
Cash flow generated from operations		**362.5**	**419.4**
Income tax paid		(35.5)	(30.0)
Net cash flows from operating activities		**327.0**	**389.4**
CASH FLOW FROM INVESTING ACTIVITIES			
Business combinations, net of cash	6	(24.9)	(17.7)
Sale of interest in subsidiaries, net of cash		0.7	1.2
Purchase of intangible assets	22	(22.4)	(10.7)
Purchase of property, plant and equipment	20	(76.4)	(58.3)
Projects development in progress		(1.7)	(0.8)
Proceeds from sale of property, plant and equipment		2.6	1.8
Interest received		4.7	6.5
Net cash flows used in investing activities		**(117.4)**	**(78.0)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		115.2	40.4
Repayment of borrowings [1]		(344.8)	(92.6)
Proceeds from / (repayment of) loans		3.5	(8.2)
Dividends paid to non-controlling interest		(175.2)	(28.1)
Purchase of treasury shares		(28.5)	(18.2)
Share issuance costs paid		(18.8)	–
Bank arrangement fees paid		(3.0)	–
Interest paid		(37.7)	(35.7)
Net cash flows (used in) / from financing activities		**(489.3)**	**(142.4)**
Currency translation in cash		(45.0)	(27.4)
(Decrease) / Increase in cash and cash equivalents		**(324.7)**	**141.6**
CASH AND CASH EQUIVALENTS AT THE			
– beginning of the period		405.3	263.7
– end of the period		80.6	405.3

[1] Thereof: Global cash pool effect – CHF 310.0 million (see note 28)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 2010

1. CORPORATE INFORMATION

Dufry AG ("Dufry" or "the Company") is a publicly listed company with headquarters in Basel, Switzerland. The Company is one of the world's leading travel retail companies. It operates over 1,100 shops worldwide. The shares of the Company are listed on the Swiss Stock Exchange (SIX) and it's Brazilian Depository Receipts on the BM&FBOVESPA in São Paulo. Dufry's main shareholder is a group of two companies, namely Global Retail Group S.à. r.l. and Travel Retail Investment SCA, which holds jointly 22.6% of the share capital. Travel Retail Investment SCA as well as Global Retail Group S.à r.l. is controlled by funds managed by Advent International Corporation.

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") for the year ended December 31, 2010 were authorized for public disclosure in accordance with a resolution of the Board of Directors of the Company dated March 9, 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements of Dufry AG and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 BASIS OF PREPARATION

Dufry AG's consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The consolidated financial statements are presented in Swiss francs and all values are rounded to the nearest one hundred thousand except when otherwise indicated.

2.3 BASIS OF CONSOLIDATION

2.3.1 BASIS OF CONSOLIDATION FROM JANUARY 1, 2010

The consolidated financial statements incorporate the financial statements of Dufry AG and entities controlled by Dufry (its subsidiaries) as at December 31, 2010 and the respective comparative information. Control is achieved where Dufry has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Dufry if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiaries are prepared for the same reporting period as their parent companies, using consistent accounting policies. All intra-group balances, income and expenses including unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of Dufry.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if Dufry had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3.2 BASIS OF CONSOLIDATION PRIOR TO JANUARY 1, 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following difference, however, is carried forward in certain instances from the previous basis of consolidation: Acquisition of non-controlling interests, prior to January 1, 2010 were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognized in goodwill.

2.4 BUSINESS COMBINATIONS

2.4.1 BUSINESS COMBINATIONS FROM JANUARY 1, 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see 2.16); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For each business combination the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments, Recognition and Measurement, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

2.4.2 BUSINESS COMBINATIONS PRIOR TO JANUARY 1, 2010

In comparison to the above-mentioned requirements, the following differences were applied:

- Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.
- Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.
- Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

2.5 INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (EQUITY-ACCOUNTED INVESTEES)

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

The results and assets and liabilities of equity-accounted investees are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an equity-accounted investee is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee. When the Group's share of losses of an equity-accounted investee exceeds the Group's interest in that equity-accounted investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the equity-accounted investee), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an equity-accounted investee is recognized at the date of acquisition as goodwill, which is included within the carrying amount of the investment. Any change in the Group's share of the equity-accounted investee, after reassessment, is recognized immediately through profit and loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an equity-accounted investee. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intergroup balances, transactions and unrealized gains and losses on such transactions between the Group and its associates or jointly controlled entities.

During the year ended December 31, 2010 and December 31, 2009 the Company did not hold any equity accounted investees.

2.6 JOINTLY CONTROLLED OPERATIONS

A jointly controlled operation is joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

2.7 FINANCIAL INVESTMENTS

Financial investments comprise of "available for sale" financial assets (AFS) and "at fair value through profit or loss", classified as held for trading (HFT). The financial investments are recognized initially at fair value including directly attributable transaction costs for available-for sale assets.

AVAILABLE-FOR-SALE ASSETS (AFS)

Gains and losses arising from changes in fair value are recognized in the statement of comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in the consolidated income statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to the income statement. Dividends on AFS equity instruments are recognized in the consolidated income statement when the Group's right to receive the dividends is established.

FINANCIAL ASSETS HELD FOR TRADING (HFT)

Financial assets held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in the consolidated income statement. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset and is included in the line interest income or interest expenses.

2.8 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at such date (see 2.4 above) less accumulated impairment losses, if any recognized thereafter. For the purposes of impairment testing, goodwill is allocated to those cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit, less its carrying amount, is less than the carrying amount of the allocated part of the goodwill, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at 2.5 above.

2.9 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management will be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

At the end of the reporting period Dufry did not classify any assets as non-current assets held for sale.

2.10 REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes or duties.

NET SALES

Sales are recognized when significant risks and rewards of ownership of the products have been transferred to the customer. Retail sales are settled in cash or by credit card.

ADVERTISING INCOME
Advertising income is recognized when the services have been rendered.

2.11 LEASING

The Group has finance and operational leases. Financial leases are recognized when the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are accounted as operating leases.

2.11.1 THE GROUP AS LESSEE
Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as other payables.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Depreciation of lease assets is computed on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in accordance with the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

2.11.2 THE GROUP AS LESSOR
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.12 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are expressed in Swiss francs (CHF). Each company in the Group uses its corresponding functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency using the exchange rate at the date of the transaction. Financial assets and liabilities denominated in foreign currencies are translated in the functional currency using the exchange rate at the reporting date.

Exchange differences arising on the settlement or on the translation of derivative financial instruments are recognized through profit and loss, except where the hedges on net investments allow the recognition in the statement of comprehensive income, until the respective investments are disposed of. In this case the related deferred taxes are also accounted for in the statement of comprehensive income. Non-monetary items that are measured at historical cost in respective functional currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items (held for sale or discontinued operations) measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

At the reporting date, the assets and liabilities of all subsidiaries reporting in foreign currency are translated into the presentation currency of Dufry (Swiss francs) using the exchange rate at the reporting date. The positions of income statements are translated using the average exchange rates of the respective month in which the transactions have taken place. The net translation differences are recognized in the statement of comprehensive income. On disposal of a foreign entity, the deferred cumulative translation amount recognized within equity relating to that particular operation is recognized in the consolidated income statement as gain or loss on sale of subsidiaries.

Intangible assets and fair value adjustments identified on the acquisition of a new business (purchase price allocation) are treated as assets and liabilities of such operation in the respective functional currency.

PRINCIPAL FOREIGN EXCHANGE RATES APPLIED FOR VALUATION AND TRANSLATION

	1.1. – 31.12.2010	1.1. – 31.12.2009	31.12.2010	31.12.2009
IN CHF	AVERAGE RATES	AVERAGE RATES	CLOSING RATES	CLOSING RATES
1 USD – US Dollar	1.0427	1.0852	0.9352	1.0352
1 EUR – Euros	1.3821	1.5099	1.2518	1.4835

2.13 BORROWING COSTS

Borrowing costs are recognized as an expense when incurred, except for the initial arrangement fees, which are set-off from the bank loans and amortized over the period of the credit facility.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group did not hold any qualifying assets during the periods disclosed.

2.14 GOVERNMENT GRANTS

Government Grants are recognized at fair value where there is reasonable assurance that the grant will be received and all related conditions will be complied with. The Group has not received any government grants.

2.15 PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

PENSION OBLIGATIONS

The employees of the subsidiaries are eligible for retirement, invalidity and death benefits under local social security schemes prevailing in the countries concerned and defined benefit and defined contribution plans provided through separate funds, insurance plans, or unfunded arrangements. The pension plans are generally funded through regular contributions made by the employer and the employee and through the income generated by their capital investments. Where, due to local conditions, a plan is not funded, a liability is recorded in the financial statements.

In the case of defined contribution plans, the net periodic pension cost to be recognized in the income statement equals the contributions made by the employer.

In the case of defined benefit plans, the net periodic pension cost is assessed using the projected unit credit method. The defined benefit obligation is measured as the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods. The net periodic pension cost less employee contributions is included in the personnel expenses where the employees are located. Plan assets are recorded at their fair value. Actuarial gains or losses beyond a corridor of 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets arising from adjustments posted and changes in actuarial assumptions are recognized over the average remaining service lives of the related employees.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for the benefits. The Group recognizes termination benefits when it is demonstrably committed to either, terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

2.16 SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the consolidated income statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognized in the consolidated income statement for the year.

2.17 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAX

Current income tax is recognized in the consolidated income statement for results presented through profit and loss. The tax effects of results presented through other comprehensive income or equity are presented in the respective schedules.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted for the respective reporting period.

DEFERRED TAX

Deferred taxes are provided using the liability method on temporary differences at the reporting date between the tax bases of assets or liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, the carry forward of unused tax credits or unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and impaired to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year the asset will be realized or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities of the same entity are offset. In those countries where the tax law contemplates that several operations can be consolidated into one tax filing the deferred tax position is shown as asset or liability.

Deferred tax expense is recognized in the consolidated income statement for temporary differences arising on assets or liabilities. The tax effects of items recognized directly in equity are presented through other comprehensive income or equity.

2.18 PROPERTY, PLANT AND EQUIPMENT

These are stated at cost less accumulated depreciation and any impairment in fair value. Depreciation is computed on a straight-line basis over the shorter of the estimated useful life of the asset and the lease term.

The useful lives applied are as follows:
- Buildings 15 to 20 years
- Leasehold improvements 5 to 10 years
- Furniture, fixture and vehicles 4 to 10 years
- Computer hardware 5 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land is recognized at acquisition cost and not depreciated as it is deemed to have an indefinite life. Additional costs, which extend the useful life of tangible assets, are capitalized. There are no borrowing costs recognized that are associated with the construction of tangible assets.

The carrying amount of tangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

2.19 INTANGIBLE ASSETS

INTANGIBLE ASSETS ACQUIRED (SEPARATELY OR FROM A BUSINESS COMBINATION)

These assets mainly comprise of concession rights and brands. Intangible assets acquired separately are capitalized at cost and those from a business acquisition are capitalized at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually at the asset or cash generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, any changes are made on a prospective basis. Brands have been assessed to have indefinite useful lives and are therefore not amortized.

Certain concession rights are granted for periods ranging from 10 to 30 years by the relevant airport authorities. Based on Dufry's experience, these concession rights have been renewed in the past at little or no cost for the Group. As a result these concession rights are assessed as having an indefinite useful life.

2.20 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

2.21 INVENTORIES

Inventories are valued at the lower of historical cost or net realizable value. The historical costs are determined using the FIFO method. Historical cost includes all expenses incurred in bringing the inventories to their present location and condition. This includes import duties, transport and handling costs and any other directly attributable costs of acquisition. Purchase discounts and rebates are deducted in determining the cost of inventories. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory allowances are set up in the case of slow-moving stock; obsolete and expired items are fully written off.

2.22 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ONEROUS CONTRACTS

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

RESTRUCTURINGS

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

CONTINGENT LIABILITIES ACQUIRED IN A BUSINESS COMBINATION

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18 Revenue.

2.23 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.23.1 EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL and AFS.

2.24 FINANCIAL ASSETS

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

2.24.1 FINANCIAL ASSETS AT FVTPL (FAIR VALUE THOUGHT PROFIT & LOSS)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other operating result" line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

2.24.2 HELD-TO-MATURITY INVESTMENTS
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

2.24.3 AVAILABLE-FOR-SALE FINANCIAL ASSETS (AFS FINANCIAL ASSETS)
AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 38. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the hedging and revaluation reserves is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

2.24.4 LOANS AND RECEIVABLES
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including [trade and other receivables, bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.24.5 IMPAIRMENT OF FINANCIAL ASSETS
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one

or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:
– significant financial difficulty of the issuer or counterparty; or
– breach of contract, such as a default or delinquency in interest or principal payments; or
– it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
– the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, are assessed to be impaired individually. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, loans and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.24.6 DERECOGNITION OF FINANCIAL ASSETS

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2.25 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

2.25.1 CLASSIFICATION AS DEBT OR EQUITY

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.25.2 EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.25.3 FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

2.25.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other operational result" line item in the consolidated income statement. Fair value is determined in the manner described in note 38.

2.25.3.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.25.3.3 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies.

2.25.3.4 Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

2.26 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 38.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.26.1 EMBEDDED DERIVATIVES

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.27 HEDGE ACCOUNTING

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 38 sets out details of the fair values of the derivative instruments used for hedging purposes.

2.27.1 FAIR VALUE HEDGES

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated income statement relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

2.27.2 CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the hedging and revaluation reserves. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "interest expenses / income" line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

2.27.3 HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of translation reserves. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "foreign exchange gains / loss" line item.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

3.1 STANDARDS AND INTERPRETATIONS AFFECTING AMOUNTS REPORTED IN THE CURRENT PERIOD (AND/OR PRIOR PERIODS)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 3.2.

STANDARDS AFFECTING THE REPORTED RESULTS OR FINANCIAL POSITION

IAS 27 (as revised in 2008) Consolidated and Separate Financial Statements
(effective for annual periods beginning on or after July 1, 2009)
The revisions to IAS 27 principally affect the accounting for transactions or events that result in a change in the Group's interests in its subsidiaries. The adoption of the revised Standard has affected the accounting for the Group's acquisition of the remaining 49% interest in Dufry South America Limited in the first quarter (see note 6.1). IAS 27 (2008) has been adopted for periods beginning on or after July 1, 2009 and has been applied prospectively (subject to specified exceptions) in accordance with the relevant transitional provisions. The revised Standard has affected the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognized where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognized in profit or loss. Under IAS 27 (2008), all such increases or decreases are dealt within equity, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognize all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognized at its fair value at the date control is lost, with the gain or loss arising recognized in profit or loss. In respect of the increase during the period of the Group's interest in subsidiaries with non-controlling interest holders, the change in policy has resulted, inter alia, in the difference of CHF 511.8 million between the fair value of the consideration in the form of a share exchange and the non-controlling interests recognized being recognized directly in equity, instead of goodwill. The consequence of the change of the accounting policy in respect of this and other transactions with non-controlling interests has resulted in a decrease in the equity for the year of CHF 513.2 million (see note 31.2).

IFRS 3 (as revised in 2008) Business Combinations
(effective for annual periods beginning on or after July 1, 2009)
The adoption of IFRS 3 (2008) in the current year has affected the accounting for business combinations in the current period as analyzed below. In accordance with the relevant transitional provisions, IFRS 3 (2008) has to be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2010.

The impact of the adoption of IFRS 3 (2008) Business Combinations is:
- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as "minority" interests) either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree. If the Group decides to measure at fair value then consequently, the goodwill recognized in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interests and their share of the fair value of the identifiable net assets of the acquiree;
- to change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognized at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognized against goodwill. Under the revised Standard,

contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognized against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the "measurement period" (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognized in profit or loss;
- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, to require the recognition of a settlement gain or loss; and
- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognized as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the acquisition. In the current year Dufry has not accounted for new business combinations.
- IFRS 3 (2008) has also additional disclosure requirements in respect of the business combinations in the period. Results in future periods may be affected by future impairment losses relating to increased goodwill, and by changes in the fair value of contingent consideration recognized as a liability.

NEW AND REVISED STANDARDS AFFECTING PRESENTATION AND DISCLOSURE ONLY

IFRS 8 Operating segments
(effective for annual periods beginning on or after January 1, 2010)
An amendment made to the disclosures of information about the reported segment profit or loss, including certain specified revenues and expenses included in segment profit or loss, segment assets and segment liabilities, and the basis of measurement (see note 5).

3.2 STANDARDS AND INTERPRETATIONS ADOPTED WITH NO EFFECT ON FINANCIAL STATEMENTS

The amendments to the following Standards below did not have any impact on the accounting policies, financial position or performance of the Group.

IFRS 2 Share-based payment
(effective for annual periods beginning on or after January 1, 2010)
An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash.

IFRS 5 Non-current assets held for sale and discontinued operations
(effective for annual periods beginning on or after January 1, 2010)
Providing guidance in respect of disclosures of non-current assets held for sale (or disposal groups) and discontinued operations required by IFRS 5. The disclosure requirements in Standards other than IFRS 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.

IAS 1 Presentation of financial statements
(effective for annual periods beginning on or after January 1, 2010)
The classification of convertible instruments as either non-current or current is clarified.

IAS 17 Leases
(effective for annual periods beginning on or after January 1, 2010)
Leases of land and building need to be considered separately for all transactions. In establishing whether the land component is an operating or finance lease the entity should take into account that the land has an indefinite economic life.

IAS 39 Financial instruments: Recognition and measurement
(effective for annual periods beginning on or after January 1, 2010)
The amendments relate to: the scope of exemption for business combination contracts; treating loan prepayment penalties as closely related embedded derivatives; cash flow hedge accounting.

IFRIC 9 Reassessment of Embedded Derivatives
(effective for annual periods beginning on or after July 1, 2009)
Scope of IFRIC 9 and IFRS 3: IFRIC 9 does not apply to possible reassessment at the date of acquisition to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation or a joint venture.

IFRIC 17 Distribution of non-cash assets to owners
(effective for annual periods beginning on or after July 1, 2009)
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the financial position or performance of the Group.

3.3 NEW AND REVISED STANDARDS AND INTERPRETATIONS IN ISSUE BUT NOT YET ADOPTED / EFFECTIVE

The Group will apply the following rules for the first time as of the dates stated in the respective standard.

STANDARDS AND INTERPRETATIONS WHICH MIGHT HAVE A SIGNIFICANT IMPACT ON THE PRESENTATION, DISCLOSURE, FINANCIAL POSITION AND PERFORMANCE OF THE GROUP

The Group has not identified any issued standards, but not yet adopted, which will have a significant impact on the future financial statements.

OTHER STANDARDS AND INTERPRETATIONS THAT ARE RELEVANT FOR THE GROUP AND WHOSE EFFECTS ARE CURRENTLY BEING EVALUATED

IFRS 7 Financial Instruments: Disclosures – New disclosures for derecognition of financial instruments
(effective for annual periods beginning on or after July 1, 2011).
Additional disclosure requirements for assets that have been "transferred" as defined in IAS 39:
- If the transfer results in the derecognition of the transferred assets in their entirety and the entity has continuing involvement; information must be disclosed regarding the nature and risks of the continuing involvement in these assets.
- If the assets are not transferred in their entirety then information must be disclosed regarding the relationship between assets not derecognized and their associated liabilities.

IFRS 9 Financial instruments
(effective for annual periods beginning on or after January 1, 2013)
The standard, IFRS 9, Financial Instruments, focuses on Classification and Measurement of Financial Assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39. Thus IFRS 9 improves comparability and makes financial statements easier to understand for investors and other users.

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
(effective for annual periods beginning on or after January 1, 2011)
In many countries, laws or contractual terms require employers to make minimum funding payments for their pension or other employee benefit plans. This enhances the security of the retirement benefit promise made to members of an employee benefit plan. Normally, such statutory or contractual funding requirements would not affect the measurement of the defined benefit asset or liability. This is because the contributions, once paid, become plan assets and the additional net liability would be nil. However, paragraph 58 of IAS 19 Employee Benefits limits the measurement of the defined benefit asset to the "present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan". IFRIC 14 addresses the interaction between a minimum funding requirement and the limit placed by paragraph 58 of IAS 19 on the measurement of the defined benefit asset or liability.

FURTHER NEW AND REVISED STANDARDS AND INTERPRETATIONS OF NO PRACTICAL RELEVANCE

IFRS 7 Financial Instruments: Disclosures – Improvements to IFRSs 2010: Clarification of disclosures
(effective for annual periods beginning on or after January 1, 2011).
Emphasis the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. Amendments and qualitative and credit risk disclosures are as follows:
- Clarify that only financial assets whose carrying amount does not reflect the maximum exposure to credit risk need to provide further disclosure of the amount that represents the maximum exposure to such risk.
- Requires, for all financial assets, disclosure of the financial effect of collateral held as security and other credit enhancements regarding the amount that best represents the maximum exposure to credit risk (e.g., a description of the extent to which collateral mitigates credit risk).
- Remove disclosure of the collateral held as security, other credit enhancements and an estimate of their fair value for financial assets that are past due but not impaired, and financial assets that are individually determined to be impaired.
- Remove the requirement to specifically disclose financial assets renegotiated to avoid becoming past due or impaired.
- Clarify that the additional disclosure required for financial assets obtained by taking possession of collateral or other credit enhancements are only applicable to assets still held at the reporting date.

IAS 12 Deferred tax: Recovery of underlying assets amendments to IAS 12
(effective for annual periods beginning on or after January 1, 2012)
IAS 12 has been updated to include a presumption that deferred tax on investment property measured using the fair value model in IAS 40 and that on non-depreciable assets measured using the revaluation model in IAS 16, should always be measured on a sale basis.

IAS 24 Related Parties
(effective for annual periods beginning on or after January 1, 2011)
The amendments provide an exemption from disclosure requirements for transactions between entities controlled, jointly controlled or significantly influenced by the same state ("state-controlled entities") and changes the definitions of a related party and of a related party transaction to clarify the intended meaning and remove some inconsistencies.

IAS 32 Financial Instruments: Presentation – Amendment on the classification of rights issues, options or warranties denominated in a foreign currency
(effective for annual periods beginning on or after February 1, 2010)
The amendment alters the definition of a financial liability to classify rights issues and certain options or warrants as equity instruments if the rights are given pro rata to all of the existing owners of the same class of equity instruments. By changing the definition of a liability, these rights are no longer considered derivative instruments. Therefore, their fair value will no longer impact profit and loss.

IFRIC 13 Customer Loyalty Programs
(effective for annual periods beginning on or after January 1, 2011)
Fair value of award credits: The amendment clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credits scheme, is to be taken into account.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
(effective for annual periods beginning on or after July 1, 2010)
In some circumstances, a creditor might agree to accept an entity's shares or other equity instruments to settle the financial liability fully or partially (sometimes referred to as a "debt for equity swap"). IFRIC 19 provides guidance on how an entity should account for such transactions in accordance with IAS 39 Financial Instruments: Recognition and Measurement and IAS 32 Financial Instruments: Presentation.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in the future.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation include uncertainties at the reporting date, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods, are discussed below.

CONCESSION RIGHTS

Concession rights acquired in a business combination are valued at fair value as at the date of acquisition. The useful lives of operating concessions are assessed to be either finite or indefinite based on individual circumstances. The useful lives of operating concessions are reviewed annually to determine whether the indefinite useful life assessment for those concessions continues to be sustainable. The Group tests the operating concessions with indefinite useful lives for impairment. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.

BRANDS AND GOODWILL

The Group tests these items annually for impairment in accordance with IAS 36. The underlying calculation requires the use of estimates. The comments and assumptions used are disclosed in note 21.

INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax assessment is uncertain. The Group recognizes liabilities for tax audit issues based on estimates of whether additional taxes will be payable. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such assessment is made. Further details are given in note 17.

DEFERRED TAX ASSETS

Deferred tax assets are recognized for all unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 23.

PROVISIONS

Management makes assumptions in relation to the expected outcome and cash outflows based on the development of each individual legal or regulatory case. Further details are given in note 33.

SHARE-BASED PAYMENTS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and models used are disclosed in note 30.

PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 34.

5. SEGMENT INFORMATION

An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other operating segments. Transfer prices between operations and segments are set on an arm's length basis. Where segment sales, segment expenses or segment result include transfers between segments, those transfers are eliminated in the consolidation.

The Group's risks and returns are predominantly affected by the fact that it operates in different countries. Therefore, the Group reports segmental information in its financial statements in the same way as it does internally to senior management, using geographical segments. The distribution centers are reported as a separate segment. The geographical segments of Dufry are: Europe, Africa, Eurasia, Central America & Caribbean, South America and North America.

After the merger of early 2010, the Group adapted its Group structure. These companies have been reassigned to the following segments in 2010:

COMPANY	PREVIOUS SEGMENT	CURRENT SEGMENT
Dufry Travel Retail AG	Europe	Distribution Centers
Flagship Retail Services Inc.	South America	Central America & Caribbean
Eurotrade Corporation Ltd.	South America	Distribution Centers
Dufry Houston DF & Retail Partnership	Central America & Caribbean	North America
Dufry Newark Inc.	Central America & Caribbean	North America
Dufry New York Retail Partnership	Central America & Caribbean	North America
Dufry America Services, Inc.	Central America & Caribbean	Distribution Centers

The comparative figures for 2009 are presented as to reflect the above mentioned changes.

IN MILLIONS OF CHF	NET SALES THIRD PARTY	ADVERTISING INCOME	NET SALES – INTERCOMPANY	TURNOVER	EBITDA[1]
2010					
Europe	306.0	4.8	–	310.8	7.4
Africa	182.3	1.8	–	184.1	29.3
Eurasia	225.1	4.0	–	229.1	11.2
Central America & Caribbean	395.5	4.5	–	400.0	23.6
South America	693.3	20.0	–	713.3	136.5
North America	730.7	25.1	–	755.8	78.9
Distribution Centers	0.6	16.5	515.1	532.2	56.2
Eliminations	–	–	(515.1)	(515.1)	–
DUFRY GROUP	**2,533.5**	**76.7**	**–**	**2,610.2**	**343.1**

[1] EBITDA before other operational result.

IN MILLIONS OF CHF	NET SALES THIRD PARTY	ADVERTISING INCOME	NET SALES – INTERCOMPANY	TURNOVER	EBITDA[1]
2009					
Europe	312.1	4.7	–	316.8	9.2
Africa	190.1	0.1	–	190.2	29.7
Eurasia	228.5	3.6	–	232.1	23.6
Central America & Caribbean	388.6	3.5	–	392.1	14.9
South America	512.8	17.2	–	530.0	92.2
North America	674.5	25.1	–	699.6	80.9
Distribution Centers	0.5	17.4	435.3	453.2	50.6
Eliminations	–	–	(435.3)	(435.3)	–
DUFRY GROUP	**2,307.1**	**71.6**	**–**	**2,378.7**	**301.1**

[1] EBITDA before other operational result.

The share in net sales to third parties of the Group generated in Switzerland (domicile) represents about 1.3% (2009: 1.5%) of the total.

IN MILLIONS OF CHF	TOTAL ASSETS	TOTAL LIABILITIES	INCOME TAX EXPENSE	CAPITAL EXPENDITURE PAID	DEPRECIATION AND AMORTI-ZATION [1/2]	OTHER NON-CASH ITEMS
2010						
Europe	213.4	104.8	(1.0)	(21.3)	12.7	2.1
Africa	72.1	49.1	(1.8)	(2.3)	6.0	0.8
Eurasia	86.6	40.5	0.2	(9.4)	10.0	2.3
Central America & Caribbean	402.9	72.4	(3.1)	(14.4)	28.3	1.2
South America	535.6	229.4	(19.4)	(11.5)	20.1	3.0
North America	545.0	93.3	8.3	(36.4)	46.8	0.4
Distribution Centers	194.0	118.3	(1.7)	(1.0)	1.8	(0.9)
Unallocated Liabilities	89.6	616.6	(2.4)	(2.5)	3.8	36.6
DUFRY GROUP	**2,139.2**	**1,324.4**	**(20.9)**	**(98.8)**	**129.5**	**45.5**
2009						
Europe	212.3	108.7	(3.0)	(9.9)	10.9	1.8
Africa	64.9	43.1	(1.1)	(2.3)	6.8	1.1
Eurasia	86.8	37.1	(0.3)	9.7	7.8	3.4
Central America & Caribbean	424.0	90.5	1.0	(13.2)	23.2	1.9
South America	620.7	159.6	(10.4)	(2.1)	21.5	(0.2)
North America	740.7	93.3	(2.8)	(36.7)	47.4	(0.4)
Distribution Centers	190.9	115.0	(3.8)	(0.6)	1.9	(3.5)
Unallocated Liabilities	309.8	1,005.2	(2.3)	(13.9)	3.5	27.7
DUFRY GROUP	**2,650.1**	**1,652.5**	**(22.7)**	**(69.0)**	**123.0**	**31.8**

[1] 2010 includes impairments of CHF 0.1m in Region Europe.
[2] 2009 includes impairments of CHF 0.3m in Region Europe and CHF 0.5m in Region Central America & Caribbean.

The unallocated liabilities correspond mainly to long-term financial debt and the unallocated assets comprise of the assets of Headquarter companies.

6. CHANGES IN OPERATIONS

2010 TRANSACTIONS

6.1 MERGER WITH DUFRY SOUTH AMERICA LTD

On December 31, 2009 Dufry AG owned 51% of the shares of Dufry South America Ltd. ("DSA") which operates duty free shops in South America. On February 11, 2010, Dufry South America Ltd., Bermuda; Dufry AG ("DAG") and Dufry Holdings & Investments AG, Basel ("DHI"), a wholly-owned Swiss subsidiary of DAG, entered into a Merger and Amalgamation Agreement, providing for an amalgamation under the Bermuda Companies Act 1981 and a merger under applicable Swiss law. Simultaneously with the completion of the Merger, the capital of DHI has increased by a contribution in kind consisting of 49% of the net assets of DSA.

Pursuant to the Merger Agreement negotiated between the Special Committee of Board Members of DSA ("SCBM") and the Board of Directors of DAG, DSA shareholders and DSA Brazilian Depositary Receipt holders ("BDR") received one DAG share (or DAG BDR) in exchange for 4.10 DSA shares / BDRs ("Exchange Ratio"). Furthermore, DSA shareholders and BDR holders received an extraordinary dividend of USD 4.71 per DSA share / BDR on April 12, 2010.

The new shares of DHI created in course of the Merger were contributed into DAG in exchange for 7,762,249 shares newly issued and BDRs of DAG ("Merger Shares"). Such Merger shares were then allocated and given to the shareholders of DSA and to the holders of DSA BDRs, respectively. DAG listed its shares through a BDR program in Brazil with the BDRs being traded on BM&FBOVESPA.

The Special General Meeting of the members of DSA ("SGM") held on March 19, 2010 and an Extraordinary Shareholders Meeting of Dufry AG ("EGM") held on March 22, 2010, discussed, evaluated and approved the relevant aspects of the Merger Agreement.

OVERVIEW OF MERGER TRANSACTIONS	IN THOUSANDS OF USD	IN THOUSANDS OF CHF
Equity DSA as of March 22, 2010	792,187	
less dividend approved in relation with the merger	(306,150)	
Equity of DSA as per March 22, 2010	486,037	
Portion acquired (48.96%)	237,964	
Book value of non-controlling interests at historical cost		117,615
Currency translation adjustments		(25,419)
Carrying amount of these non-controlling interests	87,481	92,196
Goodwill attributable to the non-controlling interests not recognized in the books of the parent	150,482	
Contribution in kind		603,981
Recognized directly in reserves for transactions with non-controlling interests		**511,785**

6.2 DUFRY (SHANGHAI) COMMERCIAL CO. LTD., CHINA

Dufry founded in February 2010 Dufry (Shanghai) Commercial Co. Ltd. Thereafter Dufry signed a 7-year contract with Shanghai Hongqiao International Airport to operate 20 duty paid stores, distributed over an area of 1,500 m^2, in the new West Terminal. Serving mainly domestic destinations, Hongqiao International Airport handles more than 23 million passengers per year and is considered one of the two main gates for travelers arriving to and departing from Shanghai. The West Terminal, and thus our 20 shops, became operational end of March 2010, just ahead of the opening of the Shanghai 2010 World Expo.

Since the start of operations Dufry (Shanghai) Commercial Co. Ltd contributed in 2010 CHF 16.1 million to the net sales, and reduced CHF 2.0 million the earnings before interest and taxes, of the Group.

6.3 GLOBAL SERVICE RETAIL GROUP

As of May 19, 2010, Dufry acquired the remaining 49% of the voting shares of Global Service Retail Group (GSRL) for a price of CHF 2.8 million from the minority shareholder. The difference of CHF 1.2 million between the book value of the additional interest acquired and the respective consideration has been recognized in the reserve for transactions with non-controlling interests.

6.4 RECONCILIATION OF CASH FLOWS (USED FOR) / FROM BUSINESS COMBINATIONS (BC), NET OF CASH

2010 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLES	NET CASH FLOW
Global Retail Services	(2.8)	–	(2.8)	–	(2.8)
Operadora Aero-Boutiques (LDF)	–	–	–	(18.2)	(18.2)
Network Italia Edicole	–	–	–	(2.6)	(2.6)
Puerto Rico	–	–	–	(1.1)	(1.1)
Other	–	–	–	(0.2)	(0.2)
TOTAL	**(2.8)**	**–**	**(2.8)**	**(22.1)**	**(24.9)**

2009 TRANSACTIONS

6.5 ACQUISITION OF THE DUTY FREE OPERATIONS OF OPERADORA AERO-BOUTIQUES, S.A. DE C.V (LDF)

On November 1, 2009, the Group acquired through an asset deal all the assets and concession rights of LDF, located in various Mexican airports at its fair value, i.e. at USD 19.1 million. The acquisition has been accounted for using the purchase method of accounting. The consolidated financial statements include the results of LDF as from November 2009.

The fair value of the acquired identifiable assets at the date of acquisition was determined as follows:

IN THOUSANDS OF CHF	FAIR VALUE RECOGNIZED ON ACQUISITION	PREVIOUS CARRYING VALUE IN ACCORDANCE WITH IFRS
Inventories	6,980	9,344
Concession rights	7,683	8,746
Fixed assets (incl. software)	4,663	4,214
NET ASSETS	**19,326**	**22,303**
Dufry's share in the net assets	19,326	
Goodwill arising on acquisition	–	
TOTAL ACQUISITION COSTS	**19,326**	

Since the date of the asset deal, LDF contributed in 2009 CHF 5.5 million to the net sales of the Group, and generated a net loss before interest and taxes of CHF 0.3 million.

6.6 ACQUISITION OF NETWORK ITALIA EDICOLE S.R.L.

On September 14, 2009, Dufry acquired all shares of Network Italia Edicole S.r.l. for a total consideration of EUR 12 million (CHF 18.1 million). At this moment this company operated 646 sqm of retail shops at the 13 largest train stations in Italy selling books, magazines and convenience products. Dufry introduced the Hudson business model in these shops. Network Italia Edicole has an 18-year contract with Italian train station operator Grandi Stazioni SpA to operate up to 1,632 sqm. In October 2009, Dufry made the first payment of EUR 4.0 million (CHF 5.9 million) for the commercial area operation. Subsequent payments of CHF 3.8 million were made in 2009, whereas the rest is paid according to the future expansions of the retail space.

The value of the identifiable assets and liabilities of the acquired company are considered to be fair at the date of the acquisition and to be final.

The fair value of the identifiable assets and liabilities of the acquired business at the date of acquisition was determined as follows:

IN MILLIONS OF EUR	FAIR VALUE RECOGNIZED ON ACQUISITION
Concession rights	17.5
Deferred tax liabilities	(5.5)
NET ASSETS	**12.0**
Dufry's share in the net assets (100%)	12.0
Goodwill arising on acquisition	–
TOTAL ACQUISITION COSTS	**12.0**

Since the date of acquisition, Network Italia Edicole contributed in 2009 CHF 2.2 million to the net sales, and CHF 0.4 million to the earnings before interest and taxes, of the Group.

6.7 ACQUISITION OF REMAINING INTERESTS IN FOOD VILLAGE (SCHIPHOL) B.V.

On May 15, 2009, Dufry acquired the remaining 40% in Food Village B.V. for a total consideration of EUR 0.9 million (CHF 1.4 million). The total net assets at this date amounted to EUR 0.3 million (CHF 0.5 million), this resulted in the recognition of a goodwill of EUR 0.8 million (CHF 1.3 million). This operation was already fully consolidated.

6.8 RECONCILIATION OF CASH FLOWS (USED FOR) / FROM BUSINESS COMBINATIONS (BC), NET OF CASH

2009 IN MILLIONS OF CHF	COST OF THE ACQUISITION	NET CASH ACQUIRED	SUBTOTAL	CHANGES IN ACCOUNTS PAYABLES	NET CASH FLOW
Operadora Aero-Boutiques (LDF)	(19.3)	–	(19.3)	18.6	(0.7)
Network Edicole	(18.1)	–	(18.1)	8.4	(9.7)
Food village	(1.4)	–	(1.4)	–	(1.4)
BC in prior years [1]	–	–	–	(5.9)	(5.9)
TOTAL	**(38.8)**	**–**	**(38.8)**	**21.1**	**(17.7)**

[1] BC in prior years (Business Combinations) includes the settlement during 2009 of acquisition payables related to Hudson (USA) and Alliance Duty Free, Inc. (Puerto Rico).

6.9 SALE OF CARIBWORLD (BARBADOS) LIMITED

Caribworld (Barbados) Limited, a former subsidiary operating teleshopping on Barbados, was sold with effect of January 1, 2009 for a notional minimal consideration.

The book values of the identifiable assets and liabilities of the company as at the date of sale and the resulting loss on the sale were determined as follows:

IN THOUSANDS OF CHF	CARRYING AMOUNT AT JANUARY 1, 2009
Property, plant and equipment	1
Current assets	42
Current liabilities	(34)
NET ASSETS	**9**
Sales price	–
Loss on sale of subsidiary	**9**

The 2009 income statement of Dufry does not include the results of Caribworld (Barbados) Limited.

7. NET SALES

Different breakdowns of net sales are as follows:

IN MILLIONS OF CHF	2010	2009
NET SALES BY PRODUCT CATEGORIES		
Perfumes and Cosmetics	588.9	511.5
Confectionery, Food and Catering	441.2	401.9
Wine and Spirits	383.4	325.4
Literature and Publications	291.2	286.2
Watches, Jewelry and Accessories	249.4	242.1
Fashion, Leather and Baggage	199.0	172.1
Tobacco goods	192.1	192.6
Electronics	85.4	73.1
Toys, Souvenirs and other goods	102.9	102.2
TOTAL	**2,533.5**	**2,307.1**
NET SALES BY MARKET SECTOR		
Duty free	1,604.5	1,444.5
Duty paid	929.0	862.6
TOTAL	**2,533.5**	**2,307.1**
NET SALES BY CHANNEL		
Airports	2,213.5	1,969.4
Cruise liners and seaports	113.0	129.6
Railway stations and other	118.4	116.5
Downtown, hotels and resorts	88.6	91.6
TOTAL	**2,533.5**	**2,307.1**

8. COST OF SALES

Cost of sales are recognized when the Company sells a product and comprise the purchase price and the cost incurred until the product arrives at the warehouse, including import duties, transport and handling cost as well as inventory valuation adjustments and inventory differences.

9. SELLING EXPENSES

IN MILLIONS OF CHF	2010	2009
Concession fees and rents	(572.8)	(502.3)
Credit card commissions	(29.5)	(25.6)
Advertising and commission expenses	(12.9)	(11.1)
Packaging materials	(8.4)	(6.9)
Other selling expenses	(6.4)	(5.9)
Selling expenses	**(630.0)**	**(551.8)**
Concession and rental income	19.7	22.2
Commission income	2.5	2.4
Commercial services and other selling income	23.0	16.3
Selling income	**45.2**	**40.9**
TOTAL	**(584.8)**	**(510.9)**

10. NUMBER OF RETAIL SHOP CONCESSIONS

Dufry Group operates over 1.100 retail shops in 41 countries at the reporting date. Therefore Dufry has entered into concession arrangements with operators of airports, seaports, railway stations etc. to operate these retail shops.

The concession providers grant the right to sell a pre-defined assortment of products to travelers during the concession period as defined in the respective arrangements.

The arrangements typically define among other aspects:
– duration
– nature of remuneration
– assortment of products to be sold
– location

They may comprise one or several shops and are awarded in a public or private tender or in a negotiated transaction.

The leasehold improvements and installations of these operations are depreciated over the shorter of the useful life of the assets or the duration of the arrangements.

The table below shows the number of shops operating under different concession schemes at present and in the following five years (including granted extensions):

SHOPS WITH CONCESSION AGREEMENTS EXISTING AT DECEMBER 31	2010	2011	2012	2013	2014	2015
with fixed fees and proportional fees	927	824	729	638	518	450
with proportional fees to sales	134	126	125	115	103	96
with fixed fees	79	76	67	62	61	60
TOTAL	**1140**	**1026**	**921**	**815**	**682**	**606**

11. PERSONNEL EXPENSES

IN MILLIONS OF CHF	2010	2009
Salaries and wages	(303.2)	(273.3)
Social security expenses	(54.4)	(49.0)
Retirement benefits (defined contribution plans)	(3.4)	(3.9)
Retirement benefits (defined benefit plans)	(1.3)	(1.6)
Other personnel expenses	(36.6)	(33.5)
TOTAL	**(398.9)**	**(361.3)**
Number of full time equivalents at year-end	**11,892**	**11,209**

12. GENERAL EXPENSES

IN MILLIONS OF CHF	2010	2009
Repairs, maintenance and utilities	(32.9)	(29.6)
Legal, consulting and audit fees	(31.2)	(24.3)
Premises	(22.2)	(21.6)
Office and administration	(17.1)	(15.5)
Travel, car, entertainment and representation	(16.1)	(13.1)
EDP and IT expenses	(14.9)	(12.9)
Franchise fees and commercial services	(11.3)	(12.7)
Taxes, other than income taxes	(9.3)	(8.2)
PR and advertising	(9.7)	(8.1)
Insurances	(6.6)	(6.5)
Bank expenses	(3.8)	(3.6)
TOTAL	**(175.1)**	**(156.1)**

13. DEPRECIATION, AMORTIZATION AND IMPAIRMENT

IN MILLIONS OF CHF	NOTE	2010	2009
Depreciation		(63.6)	(63.7)
Impairment		(0.1)	(0.2)
Subtotal	**19**	**(63.7)**	**(63.9)**
Amortization		(65.8)	(58.6)
Impairment		–	(0.5)
Subtotal	**21**	**(65.8)**	**(59.1)**
TOTAL		**(129.5)**	**(123.0)**

14. OTHER OPERATIONAL RESULT

IN MILLIONS OF CHF	2010	2009
Other operational expenses	(18.2)	(24.5)
Other operational income	2.5	9.8
OTHER OPERATIONAL RESULT	**(15.7)**	**(14.7)**

Other operational expenses and other operational income include non-recurring transactions, impairments of financial assets and provisions.

14.1 OTHER OPERATIONAL EXPENSES

IN MILLIONS OF CHF	2010	2009
Losses of closing shops [1]	(4.1)	(7.8)
Consulting fees and expenses related to projects, as well as start-up expenses	(7.3)	(6.2)
Impairment of financial assets	(1.1)	(4.1)
Expenses for provisions	(0.8)	(0.5)
Losses on disposal of non-current assets	(0.6)	(1.7)
Other	(4.3)	(4.2)
TOTAL	**(18.2)**	**(24.5)**

[1] In 2010, the losses were related to closing of shops includes Dufrital CHF 1.1 million, Duty Free Caribbean CHF 1.0 million and Singapore CHF 0.8 million.

14.2 OTHER OPERATIONAL INCOME

IN MILLIONS OF CHF	2010	2009
Gain on sale of non-current assets	0.6	–
Recovery of write offs/release of allowances	0.5	4.8
Release of project costs	0.1	1.4
Release of provisions	–	0.7
Other	1.3	2.9
TOTAL	**2.5**	**9.8**

15. INTEREST EXPENSES

IN MILLIONS OF CHF	2010	2009
Interest on bank debt	(36.1)	(44.6)
Discounted interest on financial liabilities	(0.3)	(0.7)
Other finance expenses	(0.5)	(0.9)
Finance expenses related to financial liabilities [1]	**(36.9)**	**(46.2)**
Interest on non-financial liabilities	(0.1)	–
TOTAL	**(37.0)**	**(46.2)**

[1] See note 38.3.1

16. INTEREST INCOME

IN MILLIONS OF CHF	2010	2009
Interest income on short-term deposits	4.3	5.7
Other interest and finance income	0.5	–
TOTAL[1]	**4.8**	**5.7**

[1] See note 38.3.1

17. INCOME TAXES

IN MILLIONS OF CHF	2010	2009
CONSOLIDATED INCOME STATEMENT		
Current income taxes	(41.9)	(26.3)
of which corresponding to the current period	(41.3)	(26.5)
of which adjustments recognized in relation to prior years	(0.6)	0.2
Deferred income taxes	21.0	3.6
of which related to the origination or reversal of temporary differences	16.0	3.6
of which adjustments recognized in relation to prior years	5.2	–
of which adjustments due to change in tax rates	(0.2)	–
TOTAL	**(20.9)**	**(22.7)**
CONSOLIDATED EARNINGS BEFORE INCOME TAX (EBT)	165.7	120.0
Expected tax rate in %	28.0%	25.0%
Tax at the expected rate	(46.4)	(30.0)
Effect of:		
Income not subject to income tax	14.9	23.8
Different tax rates of subsidiaries in other jurisdictions	26.5	21.4
Different tax regime for sale of subsidiaries	0.2	(0.4)
Non deductible expenses	(6.1)	(16.7)
Unused tax loss carry-forwards not recognized	(8.3)	(10.7)
Non recoverable withholding taxes	(1.9)	(5.8)
Adjustments recognized in relation to prior year	4.6	0.2
Other items	(4.4)	(4.5)
TOTAL	**(20.9)**	**(22.7)**

The expected tax rate used for 2010 is 28.0% (2009: 25.0%). The tax rate approximates the weighted average of the countries where Dufry is active. The increase in the expected tax rate is mainly attributable to the effect of the relative weight caused by the new acquisitions since 2008.

CURRENT TAX ASSETS AND LIABILITIES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Income tax refunds receivable	6.1	14.8
Income tax payable	11.7	17.0
TOTAL	**(5.6)**	**(2.2)**

Income tax receivables or payables for the current and prior period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amounts are those that are enacted at the reporting date.

INCOME TAX RECOGNIZED DIRECTLY IN EQUITY

IN MILLIONS OF CHF	31.12.2010	31.12.2009
CURRENT TAX		
Tax effect on share based payments	2.4	–
Subtotal	**2.4**	**–**
DEFERRED TAX		
Tax effect on share based payments	1.4	–
Arising on transactions with shares:		
Treasury shares	0.6	(0.4)
Share issue expenses deductible over 5 years	–	0.5
Subtotal	**0.6**	**0.1**
TOTAL	**4.4**	**0.1**

DEFERRED INCOME TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Arising on income and expenses recognized in other comprehensive income:		
Net gain/(loss) on hedge of net investment	(6.3)	(1.6)
Cash flow hedges	0.3	–
TOTAL	**(6.0)**	**(1.6)**

18. EARNINGS PER SHARE

BASIC

Basic earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of shares outstanding during the year.

IN MILLIONS OF CHF / QUANTITY	2010	2009
Net earnings attributable to equity holders of the parent	116.6	38.5
Weighted average number of ordinary shares outstanding	25.2	19.2
Basic earnings per share in CHF	**4.63**	**2.01**

DILUTED

Diluted earnings per share are calculated by dividing the net earnings attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

IN MILLIONS OF CHF / QUANTITY	2010	2009
Net earnings attributable to equity holders of the parent	116.6	38.5
Weighted average number of ordinary shares outstanding adjusted for the effect of dilution	25.4	19.5
Diluted earnings per share in CHF	**4.58**	**1.98**

EARNINGS PER SHARE ADJUSTED FOR AMORTIZATION (CASH EPS)

Dufry is presenting an adjusted EPS, so called Cash EPS, where the net earnings attributable to equity holders of the parent are adjusted by the amortization effect generated by the intangible assets identified during the purchase price allocations of past acquisitions. With this Cash EPS, Dufry aims to facilitate the comparison at EPS level with other companies not having performed such acquisition activities.

IN MILLIONS OF CHF / QUANTITY	2010	2009
Net earnings attributable to equity holders of the parent	116.6	38.5
Adjusted for:		
Dufry's share of the amortization in respect of acquisitions	47.9	37.1
Adjusted net earnings	**164.5**	**75.6**
Weighted average number of ordinary shares outstanding	25.2	19.2
EPS adjusted for amortization (cash EPS) in CHF	**6.54**	**3.94**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

IN THOUSANDS	2010	2009
Outstanding shares	25,253.6	19,213.9
Less treasury shares	(88.0)	(28.9)
Used for calculation of basic earnings per share	25,165.6	19,185.0
Effect of dilution:		
Share options	281.4	266.8
Used for calculation of earning per share adjusted for the effect of dilution	**25,447.0**	**19,451.8**

For movements in shares see note 29.1 Equity, 30.1 Share-based payment and 30.2 Treasury shares.

19. PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF CHF	LEASEHOLD IMPROVEMENTS	FURNITURE FIXTURE	COMPUTER HARDWARE	VEHICLES	WORK IN PROGRESS	TOTAL
AT COST						
Balance at January 1, 2010	199.1	174.1	43.1	7.9	8.9	433.1
Additions (note 20)	22.7	11.0	7.0	0.8	35.2	76.7
Disposals	(10.1)	(16.7)	(3.0)	(0.8)	(0.1)	(30.7)
Reclassification within classes	12.8	11.7	0.8	–	(25.3)	–
Reclassification to intangible assets	–	–	–	–	(0.3)	(0.3)
Currency translation adjustment	(19.3)	(23.2)	(4.5)	(0.9)	(2.4)	(50.3)
Balance at December 31, 2010	**205.2**	**156.9**	**43.4**	**7.0**	**16.0**	**428.5**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2010	(68.5)	(86.9)	(29.7)	(4.9)	–	(190.0)
Additions (note 13)	(28.6)	(27.9)	(5.9)	(1.2)	–	(63.6)
Disposals	8.7	16.0	2.9	0.7	–	28.3
Currency translation adjustment	4.7	15.3	3.4	0.7	–	24.1
Balance at December 31, 2010	**(83.7)**	**(83.5)**	**(29.3)**	**(4.7)**	**–**	**(201.2)**
IMPAIRMENT						
Balance at January 1, 2010	(1.2)	(0.1)	(0.2)	–	–	(1.5)
Impairment (note 13)	(0.1)	–	–	–	–	(0.1)
Currency translation adjustment	0.2	–	–	–	–	0.2
Balance at December 31, 2010	**(1.1)**	**(0.1)**	**(0.2)**	**–**	**–**	**(1.4)**
AT COST						
Balance at January 1, 2009	175.9	159.6	42.4	8.0	10.6	396.5
Business combinations	2.2	1.8	0.6	0.1	–	4.7
Additions (note 20)	24.4	22.1	3.1	0.6	9.0	59.2
Disposals	(7.6)	(7.9)	(2.2)	(0.5)	(0.3)	(18.5)
Reclassification within classes	6.2	2.9	0.3	(0.1)	(9.3)	–
Reclassification to intangible assets	–	–	(0.4)	–	(1.1)	(1.5)
Currency translation adjustment	(2.0)	(4.4)	(0.7)	(0.2)	–	(7.3)
Balance at December 31, 2009	**199.1**	**174.1**	**43.1**	**7.9**	**8.9**	**433.1**
ACCUMULATED DEPRECIATION						
Balance at January 1, 2009	(46.3)	(68.6)	(26.1)	(4.2)	–	(145.2)
Additions (note 13)	(27.8)	(28.0)	(6.5)	(1.4)	–	(63.7)
Disposals	6.1	6.7	2.0	0.4	–	15.2
Reclassification to intangible assets	–	–	0.1	–	–	0.1
Currency translation adjustment	(0.5)	3.0	0.8	0.3	–	3.6
Balance at December 31, 2009	**(68.5)**	**(86.9)**	**(29.7)**	**(4.9)**	**–**	**(190.0)**
IMPAIRMENT						
Balance at January 1, 2009	(1.2)	(0.1)	(0.2)	–	–	(1.5)
Impairment (note 13)	(0.1)	(0.1)	–	–	–	(0.2)
Currency translation adjustment	0.1	0.1	–	–	–	0.2
Balance at December 31, 2009	**(1.2)**	**(0.1)**	**(0.2)**	**–**	**–**	**(1.5)**
CARRYING AMOUNT						
At December 31, 2010	**120.4**	**73.3**	**13.9**	**2.3**	**16.0**	**225.9**
At December 31, 2009	**129.4**	**87.1**	**13.2**	**3.0**	**8.9**	**241.6**

20. CASH FLOW USED FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

IN MILLIONS OF CHF	2010	2009
Payables for capital expenditure at the beginning of the period	(15.8)	(14.6)
Additions of property, plant and equipment (note 19)	(76.7)	(59.2)
Payables for capital expenditure at the end of the period	14.0	15.8
Currency translation adjustment	2.1	(0.3)
TOTAL CASH FLOW	**(76.4)**	**(58.3)**

21. INTANGIBLE ASSETS

	CONCESSION RIGHTS					
IN MILLIONS OF CHF	Indefinite lives	Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2010	132.1	787.5	149.9	389.8	52.7	1,512.0
Additions (see note 22)	–	17.2	6.6	–	11.6	35.4
Disposals	–	0.4	–	–	(1.9)	(1.5)
Reclassifications	(54.7)	54.7	–	–	0.3	0.3
Currency translation adjustment	(14.9)	(90.6)	2.4	(51.3)	(4.6)	(159.0)
Balance at December 31, 2010	**62.5**	**769.2**	**158.9**	**338.5**	**58.1**	**1,387.2**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2010	–	(139.2)	–	–	(21.1)	(160.3)
Additions (note 13)	–	(54.1)	–	–	(11.7)	(65.8)
Disposals	–	(0.4)	–	–	1.6	1.2
Currency translation adjustment	–	25.3	–	–	2.1	27.4
Balance at December 31, 2010	**–**	**(168.4)**	**–**	**–**	**(29.1)**	**(197.5)**
IMPAIRMENT						
Balance at January 1, 2010	(0.2)	(0.1)	–	(0.9)	–	(1.2)
Reclassifications	0.2	(0.2)	–	–	–	–
Currency translation adjustment	–	–	–	0.1	–	0.1
Balance at December 31, 2010	**–**	**(0.3)**	**–**	**(0.8)**	**–**	**(1.1)**

IN MILLIONS OF CHF	CONCESSION RIGHTS Indefinite lives	CONCESSION RIGHTS Finite lives	BRANDS	GOODWILL	OTHER	TOTAL
AT COST						
Balance at January 1, 2009	132.6	785.1	153.5	401.5	46.4	1,519.1
Business combinations	–	25.8	–	1.4	–	27.2
Additions (see note 22)	–	0.1	–	–	5.9	6.0
Disposals	–	(1.1)	–	(4.5)	(0.2)	(5.8)
Reclassification from PP&E	–	–	–	–	1.5	1.5
Currency translation adjustment	(0.5)	(22.4)	(3.6)	(8.6)	(0.9)	(36.0)
Balance at December 31, 2009	**132.1**	**787.5**	**149.9**	**389.8**	**52.7**	**1,512.0**
ACCUMULATED AMORTIZATION						
Balance at January 1, 2009	–	(94.5)	–	–	(12.3)	(106.8)
Additions (note 13)	–	(49.3)	–	–	(9.3)	(58.6)
Disposals	–	0.2	–	–	0.1	0.3
Reclassification from PP&E	–	–	–	–	(0.1)	(0.1)
Currency translation adjustment	–	4.4	–	–	0.5	4.9
Balance at December 31, 2009	**–**	**(139.2)**	**–**	**–**	**(21.1)**	**(160.3)**
IMPAIRMENT						
Balance at January 1, 2009	(0.2)	(0.8)	–	(0.4)	–	(1.4)
Additions (note 13)	–	–	–	(0.5)	–	(0.5)
Disposals	–	0.7	–	–	–	0.7
Balance at December 31, 2009	**(0.2)**	**(0.1)**	**–**	**(0.9)**	**–**	**(1.2)**
CARRYING AMOUNT:						
At December 31, 2010	**62.5**	**600.5**	**158.9**	**337.7**	**29.0**	**1,188.6**
At December 31, 2009	**131.9**	**648.2**	**149.9**	**388.9**	**31.6**	**1,350.5**

21.1 GOODWILL CHANGES IN 2010

NETWORK ITALIA EDICOLE

On September 14, 2009, the Group acquired all shares of Network Italia Edicole S.r.l. for a total consideration of EUR 12 million. The fair value of the identifiable assets and liabilities of the acquired company has been determined during 2010. Dufry recognized in 2009 additional concession rights of CHF 25.9 million, which will be amortized along the 18 years contract duration and an associated deferred tax liability of CHF 8.1 million. No goodwill was recognized in relation with this transaction.

21.2 GOODWILL RECOGNIZED FROM BUSINESS COMBINATIONS IN 2009

GLOBAL RETAIL SERVICES LTD

During 2009 the goodwill was reduced by CHF 4.5 million to CHF 8.8 million as a result of the final determination of the acquisition price (previously CHF 16.1 million, final CHF 11.6 million).

FOOD VILLAGE

On May 15, 2009, Dufry acquired the remaining 40% participation in Food Village B.V. for EUR 0.9 million. The net assets at this date amounted to EUR 0.3 million, this resulted in the recognition of a goodwill of EUR 0.8 million (CHF 1.3 million).

21.3 IMPAIRMENT TEST

Concession rights with indefinite useful lives, as well as brands and goodwill are subject to impairment tests each year. Concession rights with finite useful lives are tested for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

21.3.1 IMPAIRMENT TEST OF GOODWILL

For the purpose of impairment testing, goodwill recognized from business combinations has been allocated to the following six cash generating units (CGU's). These groups also reflect the reportable segments that are expected to benefit from the synergies of the business combinations:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Europe	13.8	17.8
Africa	23.5	31.0
Eurasia	26.3	33.7
Central America & Caribbean	56.6	69.6
South America	141.1	156.7
North America	76.4	80.1
Total carrying amount of goodwill	**337.7**	**388.9**

The recoverable amounts of goodwill for each of the above group of CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for regional specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in the year 2010 and latest estimations for the projected years.

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
GOODWILL IN %	2010	2009	2010	2009	2010	2009
Europe	6.34%	6.44%	8.80%	8.45%	5.2–9.0%	5.6–25.2%
Africa	8.63%	8.79%	9.00%	9.14%	6.3–7.0%	3.2–11.9%
Eurasia	7.65%	7.94%	8.85%	9.06%	7.9–9.0%	8.7–13.3%
Central America & Caribbean	7.78%	8.55%	8.70%	9.58%	5.0–11.4%	7.0–15.4%
South America	8.31%	8.18%	12.68%	11.44%	5.9–11.1%	4.1–14.5%
North America	6.00%	6.23%	7.67%	8.52%	2.9–5.0%	4.1–8.0%

As basis for the calculation of these discount rates, the following risk free interest rates have been used (derived from prime 10-year bonds rates): CHF 1.72%, EUR 2.96%, USD 3.30% (2009: CHF 1.99%, EUR 3.18%, USD 3.64%).

Sensitivity to changes in assumptions

Management believes that any reasonably possible change in the key assumptions, on which the recoverable amounts are based, would not cause the respective carrying amount to exceed its recoverable amount, except for the goodwill allocated to region Europe, where a increase of the risk-free interest rate by 1%, would result in the carrying amount exceeding the recoverable amount by CHF 24.5 million. The key assumptions used for the determination of the value-in-use are the same as the ones described below for concession rights.

21.3.2 IMPAIRMENT TEST OF CONCESSION RIGHTS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing, concession rights with indefinite useful lives are allocated to the respective CGU's to which they relate. The following table indicates the allocation of the concession rights with indefinite useful lives to the group of CGU's that are also the Company's applicable reportable segments:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Europe	50.2	72.8
Africa	0.1	0.7
Eurasia	12.2	15.9
Central America & Caribbean	–	42.5
Total carrying amount of concession rights	**62.5**	**131.9**

Each of the above reportable segments represents a group of CGU's, for example, region Europe includes operating concessions in the European region, which have been allocated and valued for the purpose of testing the concession rights with indefinite lives. For impairment purposes, each company represents a cash generating unit.

From the reassessment performed in 2010 of the useful lives of the concession rights estimated as indefinite in past periods, the management concluded that due to changes in the organization of the commercial area and relationships with the landlords, the ones assigned to Dufry Mexico SA de CV and Dufry Free Shop SpA, Italia should be considered as of 2010 as concession rights with a definite useful life. Consequently the management has estimated based on actual lease agreements and agreed extensions that the concession rights regarding Dufry Mexico SA de CV has a remaining useful life of 10 years and the concession rights regarding Dufry Free Shop SpA, Italia has a remaining useful life of 17 years. The yearly amortization of concession rights has increased by CHF 3.9 million due to this change. In both cases the impairment test showed that the carrying amount at reporting date was lower as their fair value.

The recoverable amounts for each of the CGU's have been determined based on value-in-use calculations. Such calculations are based on business plans approved by senior management and use cash flow projections covering a five-year period as well as a discount rate, which represents the weighted average cost of capital (WACC) adjusted for local specific risks.

Cash flows beyond that five-year period have been extrapolated using a steady growth rate that does not exceed the long-term average growth rate for the respective markets in which these CGU's operate. The discounted cash flow model uses net sales as a basis to determine the free cash flow and subsequently the value assigned. Net sales projections are based on actual net sales achieved in year 2010 and latest estimations for the years thereafter.

The following are the key assumptions used for determining the recoverable amounts for each of the above group of CGU's:

	POST TAX DISCOUNT RATES		PRE-TAX DISCOUNT RATES		GROWTH RATES FOR NET SALES	
CONCESSION RIGHTS IN %	2010	2009	2010	2009	2010	2009
Europe	6.34%	6.56%	7.59%	7.86%	4.2–5.8%	5.7–12.3%
Africa	8.82%	9.00%	9.75%	9.96%	9.0–14.5%	9.0–13.8%
Eurasia	7.10%	7.47%	7.10%	7.47%	9.3–13.8%	9.3–13.9%
Central America & Caribbean	–	8.16%	–	9.51%	–	2.1–7.8%

[1] Depending on the country in which the concession is operated.

Sensitivity to changes in assumptions

The actual recoverable amount for the CGU's subjected to impairment testing exceeds its carrying amount by CHF 458.3 million (2009: CHF 493.2 million). With regard to the assessment of value-in-use of these CGU's, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the concession rights to materially exceed its recoverable amount.

21.3.3 KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

The calculation of value-in-use is most sensitive to the following assumptions:
- Sales growth
- Gross margin and suppliers prices
- Concession fee levels
- Discount rates

Sales growth

Sales growth is estimated based on several factors. First Management takes into consideration statistics published by Airforecast or ACI (Airports Council International) to estimate the development of international passenger transit per airport or country where Dufry is active. Then Management takes into consideration specific price inflation factors of the country, cross currency effect from origin of main passenger groups and the expected increase in attractively to capture clients (penetration) per business segment.

Gross margins

The expected gross margins are based on average product assortment values estimated by the management for the budget 2011 period. These values are maintained over the planning period or where specific actions are planned, these values have been increase or decrease by up to 3% over the 5 planned years compared to the historical precedents. The gross margin is also affected by supplier's prices. Estimates are obtained from global negotiations held with the main suppliers for the products and countries for which products are sourced, as well as data relating to specific commodities during the months before the reporting date.

Concession fee levels

These assumptions are important because, as well as using specific economic sector data for growth rates (as noted below), management assesses how the position of the CGU, relative to its competitors, might change over the projected period. For the CGU's subjected to value-in-use calculation, management expects the competitive position to remain stable over the budget period.

Discount rates

Several factors affects the discount rates.
- For the financial debt part the rate is based on the yield of the respective currency for a ten-year government bond increased by the company's effective bank margin and adjusted by the effective blended tax rate of the respective CGU.
- For the equity part, a 5% equity risk premium was added to the rate commented above and adjusted by the Beta of Dufry's peer group.

The same methodology is used by the management to determine the discount rate used in discounted cash flows (DCF) valuations, which are a key instrument to assess business potential of new or additional investment proposals.

21.3.4 BRANDS

The brand name Dufry is not allocated to any specific CGU for impairment testing purpose, but to a group of CGU's. The brand name Hudson is allocated only to the CGU's of Hudson. Management believes that the synergies from the brands reflecting the economic reality are in accordance with these two groupings.

The recoverable amount is determined based on the Relief from the Royalty method that considers a steady royalty stream of 0.3% post tax of the net sales projected of Dufry (without Hudson) and a steady royalty stream of 0.9% post tax of the net sales projected of Hudson. The net sales projections cover a period of five years (2011-2015) with a year on year growth rate between 5.1% and 8.6%. This growth rate does not exceed the long-term average growth rate for Dufry Group. The discount rate of 6.0% (2009: 6.1%) represents the weighted average cost of capital (WACC) at Group level. The recoverable amount exceeds the carrying amount by CHF 202.1 million (2009: CHF 208.5 million).

22. CASH FLOWS USED FOR PURCHASE OF INTANGIBLE ASSETS

IN MILLIONS OF CHF	2010	2009
Payables for capital expenditure at January 1	(0.8)	(6.5)
Additions of intangible assets (note 21) [1]	(35.4)	(6.0)
Payables for capital expenditure at December 31	12.8	0.8
Currency translation adjustment	1.0	1.0
Total Cash Flow	**(22.4)**	**(10.7)**

[1] The additions in 2010 mainly comprise of CHF 7.5 million for Flagship's (USA) concession rights, CHF 6.6 million for the brand name Colombian Emeralds International (Barbados) and CHF 3.5 million for a non-compete clause, CHF 6.2 million concession rights for Shop Finance (Italy), and CHF 3.4 million for concession rights related to Shanghai.

23. DEFERRED TAX ASSETS AND LIABILITIES

Temporary differences arise from the following positions:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
DEFERRED TAX ASSETS		
Property, plant and equipment	8.5	40.1
Intangible assets	81.2	130.9
Provisions and other payables	15.8	7.2
Tax loss carryforward	24.3	19.0
Other	20.7	23.0
TOTAL	**150.5**	**220.2**
DEFERRED TAX LIABILITIES		
Property, plant and equipment	(0.5)	(36.1)
Intangible assets	(127.8)	(183.4)
Provisions and other payables	(26.0)	(20.5)
Other	(4.7)	(2.8)
TOTAL	**(159.0)**	**(242.8)**
Deferred tax liabilities, net	**(8.5)**	**(22.6)**

There are no temporary differences associated with investments in subsidiaries, for which deferred tax liabilities need to be recognized.

Deferred tax balances are presented in the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Deferred tax assets	137.8	140.9
Deferred tax liabilities	(146.3)	(163.5)
Balance at the end of the period	**(8.5)**	**(22.6)**

Reconciliation of movements to the deferred taxes:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Changes in deferred tax assets	(3.1)	(1.9)
Changes in deferred tax liabilities	17.2	0.3
Currency translation adjustment	6.9	5.2
Deferred tax income (expense) at the end of the period	**21.0**	**3.6**

TAX LOSS CARRY-FORWARDS

Certain subsidiaries incurred tax losses, which according to the local tax legislation gives rise to a tax credit usable in future tax periods. However, the use of this tax benefit can be limited in time (expiration) and by the ability of the respective subsidiary to generate enough taxable profits in future.

Deferred tax assets relating to tax loss carry-forwards or temporary differences are recognized when it is probable that such tax credits can be utilized in the future in accordance with the budget 2011 approved by the Board of Directors and the projections prepared by management for these entities.

The unrecognized tax loss carry-forwards by expiry date are as follows:

IN MILLIONS OF CHF	2010	2009
Expiring within 1 to 3 years	2.9	0.7
Expiring within 4 to 7 years	32.2	16.3
Expiring after 7 years	77.9	68.7
With no expiration limit	27.2	32.1
TOTAL	**140.2**	**117.8**

24. OTHER NON-CURRENT ASSETS

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Guarantee deposits	12.9	12.0
Loans and contractual receivables	20.3	22.9
Other	7.2	1.2
Subtotal	**40.4**	**36.1**
Allowances	(2.0)	(1.4)
TOTAL	**38.4**	**34.7**

Other non-current assets have maturities exceeding 12 months at the initial date of recording.

MOVEMENT IN ALLOWANCES:

IN MILLIONS OF CHF	2010	2009
Balance at the beginning of the period	(1.4)	(6.0)
Creation	(0.7)	–
Utilization	–	–
Unused amounts reversed	–	4.4
Currency translation adjustment	0.1	0.2
Balance at the end of the period	**(2.0)**	**(1.4)**

25. INVENTORIES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Purchased inventories at cost	314.9	315.7
Inventory allowances	(8.8)	(9.2)
TOTAL	**306.1**	**306.5**

CASH FLOW USED FOR / FROM INCREASE / DECREASE IN INVENTORIES:

IN MILLIONS OF CHF	2010	2009
Balance at the beginning of the period	(315.7)	(353.4)
Balance at the end of the period	(314.9)	(315.7)
Gross change	**0.8**	**37.7**
Business combinations	–	7.0
Currency translation adjustment	(33.5)	(3.0)
Cash Flow – (Increase) / decrease in inventories	**(32.7)**	**41.7**

Cost of sales includes inventories written down to net realizable value and inventory differences of CHF 13.6 million (2009: CHF 13.9 million).

26. TRADE AND CREDIT CARD RECEIVABLES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Trade receivables	12.7	9.9
Credit card receivables	38.5	38.7
Gross	**51.2**	**48.6**
Allowances	(0.4)	(0.4)
Net	**50.8**	**48.2**

Trade receivables and credit card receivables are stated at their nominal value less allowances for doubtful amounts. These allowances are established based on an individual evaluation when collection appears to be no longer probable.

AGING ANALYSIS OF TRADE RECEIVABLES:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Not due	6.5	6.6
Overdue:		
Up to 30 days	5.5	2.5
31 to 60 days	0.1	0.3
61 to 90 days	0.1	0.3
More than 90 days	0.5	0.2
Total overdue	**6.2**	**3.3**
Trade receivables, gross	**12.7**	**9.9**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2010	2009
Balance at the beginning of the period	(0.4)	(0.5)
Unused amounts reversed	–	0.2
Currency translation adjustment	–	(0.1)
Balance at the end of the period	**(0.4)**	**(0.4)**

27. OTHER ACCOUNTS RECEIVABLE

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Sales tax and other taxes	41.6	46.8
Refund from suppliers and concessionaires	24.6	22.3
Prepayments	10.4	11.3
Accrued concession fees and rents	9.4	8.3
Receivables from subtenants and local business partners	7.6	5.8
Personnel receivables	2.8	3.3
Loans receivable	2.3	7.2
Guarantee deposits	1.5	0.7
Accrued income	1.0	0.4
Derivative financial assets (note 38.10.3)	0.4	–
Other	4.9	3.2
TOTAL	**106.5**	**109.3**
Allowances	(1.6)	(1.7)
TOTAL	**104.9**	**107.6**

MOVEMENT IN ALLOWANCES

IN MILLIONS OF CHF	2010	2009
Balance at the beginning of the period	(1.7)	(0.7)
Creation	(0.3)	(1.1)
Release	0.2	–
Utilized	0.1	–
Currency translation adjustment	0.1	0.1
Balance at the end of the period	**(1.6)**	**(1.7)**

28. NOTIONAL CASH POOL

The respective balances of the notional cash pool have been set-off effective as of December 31, 2010:

IN MILLIONS OF CHF	BALANCES BEFORE GLOBAL POOLING	SET-OFF	31.12.2010 NET BALANCES	31.12.2009
Cash on hand	7.1	–	7.1	9.2
Cash at bank	72.2	–	72.2	154.9
Short-term deposits	311.3	(310.0)	1.3	241.2
Cash and cash equivalents	**390.6**	**(310.0)**	**80.6**	**405.3**
Bank debt	344.3	(310.0)	34.3	212.1
Loans payable	1.0	–	1.0	4.3
Financial debt, short-term	**345.3**	**(310.0)**	**35.3**	**216.4**

Cash and cash equivalents consist of cash on hand and banks as well as short-term deposits at banks with maturity of 90 days or less.

Dufry's notional cash pool is operated by a major finance institution. Since September 2010, Dufry fulfills the requirements to net the financial positions of the notional cash pool. At December 31, 2009 the notional cash pool accounts were disclosed gross: CHF 315.0 million as bank deposits and CHF 208.0 million as bank overdrafts.

Cash and cash equivalents at the end of the reporting period include CHF 6.4 million (2009: CHF 5.6 million) held by subsidiaries operating in countries with exchange controls or other legal restrictions on money transfer.

29. EQUITY

29.1 ISSUED CAPITAL

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Share capital	134.9	96.1
Share premium	934.2	391.4
TOTAL	**1,069.1**	**487.5**

29.1.1 FULLY PAID ORDINARY SHARES

IN MILLIONS OF CHF	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM
Balance at January 1, 2009	19,213,954	96.1	391.4
Movements	–	–	–
Balance at December 31, 2009	**19,213,954**	**96.1**	**391.4**
Issue of shares	7,762,249	38.8	565.2
Share issue costs	–	–	(22.4)
Balance at December 31, 2010	**26,976,203**	**134.9**	**934.2**

The Extraordinary General Shareholders' meeting of Dufry AG of March 22, 2010 approved the increase of registered share capital by CHF 38,811,245 from CHF 96,069,770 to CHF 134,881,015 by the issuance of 7,762,249 new registered shares, each with a par value of CHF 5. The new share capital of CHF 38,811,245 was settled by a contribution in kind consisting of 4,896 registered shares of Dufry Holdings & Investments AG, Basel with a nominal value of CHF 100 each. The contribution in kind amounts to CHF 604.0 million.

29.1.2 SHARE OPTIONS GRANTED UNDER THE COMPANY'S SPECIFIC RESTRICTED STOCK UNIT ("RSU") PLANS

Details to the share option plan are provided in note 30.

29.2 RESERVES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Hedging and revaluation reserves	(1.9)	–
Translation reserves	(199.0)	(87.2)
Retained earnings	(105.8)	292.4
Balance at end of year	**(306.7)**	**205.2**

29.2.1 HEDGING AND REVALUATION RESERVES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Balance at beginning of year	–	–
Gain/(loss) arising on changes in fair value of financial instruments:		
Interest rate swaps entered for as cash flow hedges	(2.2)	–
Income tax related to gains/losses on changes in fair value of interest rate swaps	0.3	–
Balance at end of year	**(1.9)**	**–**

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

There were no gains or losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year.

29.2.2 TRANSLATION RESERVES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Balance at beginning of year	(87.2)	(77.0)
Exchange differences arising on translating the foreign operations	(126.4)	(25.1)
Loss on hedging instruments designated in hedges of the net assets of foreign operations	20.9	16.5
Income tax relating to loss on hedge of the net assets of foreign operations	(6.3)	(1.6)
Balance at end of year	**(199.0)**	**(87.2)**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. CHF) are recognized directly in other comprehensive income and accumulated in the translation reserves. Exchange differences previously accumulated in the translation reserves (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

Gains and losses on hedging instruments that are designated as hedging instruments for hedges of net investments in foreign operations are included in the translation reserves.

29.2.3 RETAINED EARNINGS

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Balance at beginning of year	292.4	258.6
Net earnings attributable to equity holders of the parent	116.6	38.5
Distribution of treasury shares	(18.0)	(9.1)
Share-base payment	12.0	4.3
Transactions with non-controlling interests	(513.2)	–
Tax effect on equity transactions	4.4	0.1
Balance at end of year	**(105.8)**	**292.4**

On May 10, 2010, the Ordinary General Assembly has approved not to distribute a dividend for 2010 (same as for 2009).

30. SHARE-BASED PAYMENT

RESTRICTED STOCK UNIT PLAN (RSU)

Dufry has implemented specific restricted stock unit ("RSU") plans for certain members of the Group management. These RSU Awards are from economic point of view stock options with an exercise price of nil. Each RSU represents the right to receive one share if the vesting conditions are met.

30.1 RSU PLANS OF DUFRY AG

On January 1, 2009, the participants of the Dufry's RSU plan were granted the right to receive on January 1, 2010, free of charge, up to 266,810 RSU's on aggregate, based on the price of CHF 27.07 per share ("the RSU-Award 2009"). The RSU-Awards 2009 vested on January 1, 2010 as the average price of the Company's shares on the SIX for the ten previous trading days met the condition of being higher than CHF 27.34.

On January 1, 2010, the participants of Dufry's RSU plan were granted the right to receive on January 1, 2011, free of charge, up to 291.102 RSU's on aggregate, based on the price of CHF 68.76 per share ("the RSU Awards 2010"). The RSU Awards 2010 vested on January 1, 2011 as the average price of the Company's shares on the SIX for the ten previous trading days met the condition of being higher than CHF 69.45. All restrictions on the RSU Award 2010 lapsed on January 1, 2011, and the RSU Awards 2010 were converted into shares of the Company and given to the RSU plan participants free of restrictions.

The fair value of the RSU Awards 2010 has been estimated at the grant date using a binominal pricing model, taking into account the terms and conditions (risk free interest rate of 2.2% and a volatility of 40%) upon which the awards were granted. The contractual life of the awards 2010 is one year. The expected volatility reflected assumptions, that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. There are no cash settlement alternatives. In 2010, the accrued cost based on a fair value of CHF 41.26 per RSU (2009: CHF 16.24 per RSU) is CHF 12.0 million (2009: CHF 4.3 million) and has been recorded against a reserve in equity.

30.2 TREASURY SHARES

	NUMBER OF SHARES	IN MILLIONS OF CHF
Balance at January 1, 2009	**106,750**	**9.1**
RSU shares distribution to RSU holders	(105,416)	(9.1)
Share purchases in market	267,800	18.2
Balance at December 31, 2009	**269,134**	**18.2**
RSU shares distribution to RSU holders	(266,810)	(18.0)
Share purchases in market	286,735	28.5
Balance at December 31, 2010	**289,059**	**28.7**

31. BREAKDOWN OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

31.1 CHANGES IN PARTICIPATIONS OF NON-CONTROLLING INTERESTS

Recognized in equity attributable to non-controlling interests:

IN MILLIONS OF CHF	2010	2009
Merger with Dufry South America Ltd	(117.6)	–
Acquisition of 49% interest in the Global Retail Services Group	(1.6)	–
Other [1]	3.7	4.9
Changes in participations of non-controlling interests	**(115.5)**	**4.9**

[1] Mainly relating to the non-controlling interests of subsidiaries of the Hudson Group

31.2 EQUITY RESERVE FOR TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Recognized in equity attributable to holders of the parent:

IN MILLIONS OF CHF	2010	2009
Balance at the beginning of the year	–	–
Changes from transactions with non-controlling interests:		
Merger with Dufry South America Ltd	(511.8)	–
Acquisition of 49% interest in the Global Retail Services Group	(1.2)	–
Other [1]	(0.2)	–
Balance at the end of the year	**(513.2)**	**–**

[1] Mainly relating to the non-controlling interests of subsidiaries of the Hudson Group

32. FINANCIAL DEBT

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Bank debt [1]	34.3	212.1
Loans	1.0	4.3
Financial debt. short-term	**35.3**	**216.4**
Bank debt	678.8	793.9
Loans	4.3	4.7
Financial debt. long-term	**683.1**	**798.6**
TOTAL	**718.4**	**1,015.0**
of which are:		
Bank debt	713.1	1,006.0
Loans payable	5.3	9.0

[1] See Note 28 above. As of December 31, 2009 bank debt amounting to CHF 208.3 million was secured by deposits of the notional cash pooling

BANK DEBT

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Loans denominated in:		
US Dollar	456.5	770.0
Swiss Franc	172.5	159.4
Euro	88.6	94.8
Other currencies [1]	11.9	–
Subtotal	**729.5**	**1,024.2**
Deferred bank arrangement fees	(16.4)	(18.2)
TOTAL	**713.1**	**1,006.0**

[1] mainly Chinese Yuan's

The Group negotiates and manages centrally its key credit facilities. For practical reasons, minor credit lines exist at local level. At December 31, 2010, the Group's main credit facilities amounted to CHF 687 million and USD 435 million (2009: CHF 755.6 million and USD 435 million). At December 31, 2010, a total amount of CHF 1,039.5 million (2009: CHF 1,024.2 million) was drawn for cash, after applying the global cash pooling (CHF 310.0 million), the net draw amounts to CHF 729.5 million.

CHF 689.4 million (2009: CHF 794.6 million) was drawn under the main credit facilities. The main credit facilities are committed syndicated facilities and expire in August 2013. ING N.V., London Branch, acts as the agent for the bank syndicate. The facilities consist of two term loans and one revolving credit facility, of which one term loan includes an amortization schedule. This loan was reduced by CHF 82.3 million in 2010 and CHF 44.4 million in 2009 in accordance with the credit agreement. The other term loan as well as the revolving credit facility is structured with a bullet repayment at the expiry of the contract. Interest in respect of any borrowings under these credit facilities is at a floating rate (EURIBOR or LIBOR) plus spread. The facilities contain customary financial covenants and conditions. Dufry has presented as collateral for these facilities the shares of its subsidiary Dufry Holding and Investments AG. During the year 2010 and 2009, Dufry complied with the required bank covenants.

The weighted average interest rate for the drawn credit facilities amounting to CHF 689.4 million was 2.0% (2009: CHF 794.6 million at 2.8%) at December 31, 2010. Of this amount CHF 608.7 million were drawn in USD with an average interest rate of 2.0% (2009: CHF 759.0 million at 3.1%) and CHF 80.6 million in CHF with an average interest of 1.7% (2009: CHF 35.6 million at 2.4%). There was no draw down from the main credit facility in EUR at the end of both reporting periods.

In addition the operations in the Caribbean (Duty Free Caribbean Ltd, Emeralds Distributors Ltd, Young Caribbean Jewelers Distributors Ltd and CEI Barbados Ltd) maintain credit facilities from the First Caribbean International Bank for an amount of USD 14.8 million (2009: USD 16.5 million) which are guaranteed with their respective fixed and floating assets.

HEDGE OF NET INVESTMENTS IN FOREIGN OPERATIONS

An amount of USD 243.0 million (December 31, 2009: USD 325.2 million) included in bank debt at December 31, 2010, was designated as a hedge of the net investments held in Dufry America Investments SA. This company held the participations of Dufry's subsidiaries Alliance Inc (Puerto Rico). Additionally, Dufry granted two long-term loans to subsidiaries in the United States of America totaling USD 21.5 million (2009: USD 21.5 million). The loans have been designated as net investments in Dufry America Holding, Inc. (USA), which holds the investments in the respective US subsidiaries. The Group uses the above hedges to reduce the foreign exchange risk on the respective investments. At December 31, 2010, a gain in the amount of CHF 20.9 million (2009: CHF 16.5 million) was recognized in other comprehensive income.

33. PROVISIONS

IN MILLIONS OF CHF	LAW SUITS AND DUTIES	DISPUTE ON CONTRACTS	LABOR DISPUTES	OTHER	TOTAL
Balance at January 1, 2010	**1.8**	**–**	**3.5**	**0.3**	**5.6**
Charge for the year	0.3	0.4	0.2	0.1	1.0
Utilized	–	–	(0.2)	(0.2)	(0.4)
Unused amounts reversed	–	–	–	–	–
Currency translation adjustment	(0.3)	–	(0.3)	(0.1)	(0.7)
Balance at December 31, 2010	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Thereof:					
– current	1.8	0.4	0.1	0.1	2.4
– non-current	–	–	3.1	–	3.1
TOTAL	**1.8**	**0.4**	**3.2**	**0.1**	**5.5**
Balance at January 1, 2009	**1.4**	**1.9**	**2.8**	**0.4**	**6.5**
Charge for the year	0.5	–	1.0	0.2	1.7
Utilized	(0.1)	(1.2)	(0.1)	(0.2)	(1.6)
Unused amounts reversed	–	(0.7)	(0.1)	(0.1)	(0.9)
Currency translation adjustment	–	–	(0.1)	–	(0.1)
Balance at December 31, 2009	**1.8**	**–**	**3.5**	**0.3**	**5.6**
Thereof:					
– current	1.8	–	0.2	0.3	2.3
– non-current	–	–	3.3	–	3.3
TOTAL	**1.8**	**–**	**3.5**	**0.3**	**5.6**

Management believes that its total provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities in the below described areas, it cannot be guaranteed that additional or lesser costs will be incurred above or below the amounts provisioned.

LABOR DISPUTES

The long term provision of CHF 3.1m relates mainly to claims presented by workers due to the termination of temporary labor contracts in Brazil.

LAW SUITS AND DUTIES

The CHF 1.8m provision covers uncertainties related to law suits in relation to taxes, duties and other claims in several countries.

The expected timing of the related cash outflows of non-current provisions as of December 31, 2010 is currently projected as follows:

IN MILLIONS OF CHF	EXPECTED CASH OUTFLOWS
2012	0.1
2013	2.2
2014	0.7
2015+	0.1
TOTAL NON-CURRENT	**3.1**

34. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The employees of Dufry Group are insured against the risk of old age and disablement in accordance with the local laws and regulations. A description of the significant retirement benefit plans is as follows:

34.1 SWITZERLAND

Dufry has a defined benefit pension plan, which is based on the actual salary of the employee, covers substantially all of Dufry's employees in Switzerland. The plan requires contributions to be made to a separate legal entity, the administrative fund. The pension fund is a separate entity from the Dufry Group and does not hold assets related to the Group.

The following table summarizes the components of pension expenses recognized in the income statement:

NET PENSION COSTS

IN MILLIONS OF CHF	2010	2009
Current service costs	1.5	1.6
Past service costs	–	–
Interest costs	0.7	0.6
Net actuarial loss recognized in year under §92 ff.	–	0.2
Expected return on plan assets	(0.9)	(0.8)
Pension expenses	**1.3**	**1.6**

The total of the pension expenses of the Group is included in personnel expenses (retirement benefits). The actual return of plan assets in 2010 was a gain of CHF 0.71 million (2009: CHF 2.18 million).

In 2011, Dufry expects to contribute CHF 1.9 million (2010: CHF 1.5 million) to this defined benefit pension plan.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date applicable to the period over which the obligation is to be settled.

The principal assumptions for the actuarial computation are as follows:

IN %	2010	2009
Discount rates	2.50%	3.00%
Expected return on plan assets	3.25%	4.00%
Future salary increases	1.50%	1.50%
Future pension increases	1.00%	1.00%
Average retirement age (in years)	**64**	**64**

The following table summarizes the components of the funded status and amounts recognized in the consolidated statement of financial position for the plan:

FUNDED STATUS

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Fair value of plan assets at January 1	22.5	19.1
Expected return	0.9	0.8
Contributions paid by employer	1.7	1.4
Contributions paid by employees	1.0	0.9
Benefits paid	5.8	(1.1)
Expected fair value of plan assets at end of period	**31.9**	**21.1**
Actuarial gains/(losses)	(0.2)	1.4
Fair value of plan assets at end of period	**31.7**	**22.5**
Defined benefit obligation (PBO) at January 1	24.2	22.2
Current service costs	1.5	1.6
Contributions paid by employees	1.0	0.9
Interest costs	0.7	0.6
Benefits paid/transferred	5.8	(1.1)
Expected defined benefit obligation at end of period	**33.2**	**24.2**
Actuarial loss (gain) on obligation	2.0	–
Defined benefit obligation (PBO) at end of period	**35.2**	**24.2**
Funded status	(3.5)	(1.7)
Unrecognized actuarial loss (gain)	4.2	2.0
Net asset in balance sheet	**0.7**	**0.3**

RECONCILIATION TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The movement in the pension liability is recognized in other non-current assets of the consolidated statement of financial position as follows:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Net asset at January 1	0.3	0.5
Pension expenses	(1.3)	(1.6)
Contributions paid by employer	1.7	1.4
Net asset at end of period	**0.7**	**0.3**

Amounts for the current and previous periods are as follows:

IN MILLIONS OF CHF	2010	2009	2008	2007	2006
Defined benefit obligation (PBO)	35.2	24.2	22.2	18.3	18.3
Plan assets	31.7	22.5	19.1	19.2	18.8
(Deficit) surplus	**(3.5)**	**(1.7)**	**(3.1)**	**0.9**	**0.5**
Experience adjustments on plan liabilities	(1.6)	(0.1)	(0.1)	0.2	0.8
Effect of changes in actuarial assumptions on plan liabilities	(3.5)	–	1.9	0.8	–
Experience adjustments on plan assets	(0.2)	1.4	(2.7)	(0.5)	(0.2)

The major categories of plan assets as percentages of the fair value of the total plan assets are as follows:

IN %	2010	2009	2008	2007	2006
Shares	25%	24%	19%	27%	26%
Bonds	44%	46%	50%	45%	45%
Rented properties	25%	26%	26%	23%	24%
Other	6%	4%	5%	5%	5%
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**

34.2 ITALY AND OTHER COUNTRIES

POST-EMPLOYMENT BENEFIT OBLIGATIONS

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Italy	5.2	6.8
Other countries	1.2	1.1
TOTAL	**6.4**	**7.9**

In Italy, an unfunded defined benefit plan exists. The pension contributions owed by the employer are based on the number of years the respective employee worked with the respective Italian subsidiary. The principal assumptions for actuarial computation are as follows.

IN %	31.12.2010	31.12.2009
Discount rate	4.5%	4.5%
Expected employee turnover	3.0%	3.0%
Inflation rate	2.0%	2.0%

35. OTHER LIABILITIES

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Concession fee payables	67.2	59.2
Personnel payables	50.7	49.4
Other service related vendors	34.5	38.6
Payables for capital expenditure (see note 20/22)	26.8	16.6
Sales tax and other taxes	14.6	18.9
Payables for acquisitions	8.5	32.2
Accrued liabilities	7.1	5.8
Payables to local business partners	6.2	4.7
Interest payables	4.2	7.0
Financial derivative liabilities	2.3	–
Other payables	10.1	9.0
TOTAL	**232.2**	**241.4**
Thereof :		
– non-current liabilities	9.6	5.1
– current liabilities	222.6	236.3
TOTAL	**232.2**	**241.4**

Other current liabilities comprise of current or renewable liabilities due within one year.

36. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A party is related to the Group if the party directly or indirectly controls, is controlled by, or is under common control with Dufry, has an interest in the Group that gives it significant influence over the Group, has joint control over the Group or is an associate or a joint venture of the Group. In addition, members of the key management personnel of Dufry or close members of the family are also considered related parties as well as post employment benefit plans for the benefit of employees of the Group. Transactions with related parties are conducted on an at-arm's-length basis.

The related party transactions and relationships for the Dufry Group are the following:

The Hudson Group purchased during 2010, goods from the following related parties: Hudson Wholesale for CHF 37.4 million (2009: CHF 19.5 million), from Hudson RPM CHF 5.4 million (2009: CHF 5.5 million) and from MDI for CHF 2.2 million (2009: CHF 6.9 million). The purchase prices used in these transactions were at arm's length. At December 31, 2010, the Hudson Group had open invoices with the following related parties: Hudson Wholesale CHF 2.2 million (2009: CHF 1.6 million), with Hudson RPM CHF 0.5 million (2009: CHF 0.5 million) and with MDI CHF 0.0 million (2009: CHF 0.6 million).

Latin American Airport Holding Ltd is the holding company of Inmobiliaria Fumisa SA de CV ("Fumisa") and Aeropuertos Dominicanos Siglo XXI, SA ("Aerodom"). Three members of the Group's Board of Directors are also members of the Board of Directors of Latin American Airport Holding Ltd. Advent International Corporation manage funds that control among others, the Group, Fumisa and Aerodom.

After the takeover of the operations of Operadora Aero-boutiques S.A. de C.V. (LDF) on November 1, 2009, Dufry renegotiated with Fumisa the existing lease agreements, obtaining a waiver for two rental installments in the amount of CHF 0.9 million. In 2010, Fumisa charged CHF 22.5 million (2009: CHF 18.1 million) to the Company in concept of rent, and Dufry has paid Fumisa CHF 4.2 million (2009: nil) as anticipated rental payments.

Inversiones Tunc SA operates shops at several airports in the Dominican Republic under concession agreements with Aerodom. According to these agreements, Inversiones Tunc SA compensated through monthly rental fees the right to use the commercial areas leased to them by Aerodom. In 2010, the total sales based rent for Inversiones Tunc SA amounted to CHF 4.5 million (2009: CHF 3.7 million).

On January 15, 2010 Transportes Aereos de Xalapa SA de CV, a subsidiary of Aerodom agreed to provide transport services to Dufry for USD 2.1 million per year. Up to December 2010 Dufry services in value of CHF 1.9 million has been charged (2009: none).

In addition to his employment relationship with Dufry, Mr. Dante Marro, Chief Operating Officer for region Europe and member of the Group Executive Committee of the Company, acting through Gestione Spazi Attrezzati Srl ("GSAS"), was granted rights of usufruct over 10% of the Company's shareholding in its wholly owned subsidiary Dufry Shop Finance Limited Srl in 2002. The rights of usufruct granted to GSAS, which will expire at the latest on May 4, 2041, permit it to enjoy the benefits of share ownership, including the receipt of dividends, even though the shares remain vested in a subsidiary. Upon expiration of the rights of usufruct, provided that the total profits of the aforementioned company shall not have been declared as dividends, GSAS shall be entitled to receive 10% of all withheld profits accumulated as reserves on the consolidated statement of financial position of Dufry Shop Finance Limited Srl on May 4, 2041. In 2010, a charge of CHF 0.5 million (2009: CHF 0.5 million) was recognized in the income statement and CHF 0.8 million (2009: none) was recognized as concessions rights.

In addition to his employment relationship with the Group, Mr. José González, Chief Operating Officer for region Central America & Caribbean and member of the Group Executive Committee, owns 26.3% of the share capital of the subsidiary Puerto Libre International SA ("PLISA"). PLISA operates duty free shops at the international airport of Managua as well as three border shops in Nicaragua.

In 2010 the remuneration for the Board members was CHF 0.9 million (2009: CHF 0.7million). In addition Mr. Xavier Bouton (member) received CHF 0.3 million (2009: CHF 0.3 million) for strategic consulting services provided to the Group.

In 2010, the total compensation to members of the Group Executive Committee recognized in personnel expenses and including all short-term employee benefits was CHF 14.6 million (2009: CHF 10.5 million). This amount is made of: a) 142,750 RSU's of Dufry AG (2009: 134,250 RSU's of Dufry AG and 13,478 RSU's of Dufry South America Ltd), b) a cash compensation of CHF 7.3 million (2009: CHF 6.8 million), c) employer's contribution to the pension and other post-employment benefits CHF 1.5 million (2009: CHF 1.1 million). The expense related to the restricted stock unit plan 2010 was CHF 5.9 million (2009: CHF 2.5 million) and is included in the short-term employee benefits mentioned above.

The legally required disclosure of the participations and compensations of the members of the Board of Directors and key management of Dufry are explained in details in the respective note to the financial statements of Dufry AG.

37. CONTINGENT LIABILITIES

The Group enters into long-term agreements with airport authorities, seaport authorities and other landlords. The concessionaires use to require a minimum annual guarantee, which can be based on sales, number of passengers or other indicators of operational activity to guarantee the performance of Dufry's obligations. In case of an early termination, the operation can be required to compensate the concessionaire for lost earnings.

The Group or their subsidiaries have granted these warranties regarding the performance of the above mentioned long-term contracts directly or through third parties. As per December 31, 2010 and December 31, 2009, no request for fulfillment of such contingent liabilities was pending.

Some of these long-term concession agreements in which Dufry has entered includes clauses to prevent the early termination, such as obligations to fulfill guaranteed minimal payments during the full term of the agreement.

The conditions for an onerous contract will be met, when such operation presents a non profitable outlook. In this event a provision based on the present value of the future net cash flows needs to be created. At the reporting date of 2010 and 2009 no such onerous concession agreements need to be recognized.

A European insurance company claims the repayment of a guarantee that was requested by the local custom authority without having a legal base in the amount of CHF 0.6 million (2009: CHF 0.6 million).

A US-supplier is claiming up to CHF 2.3 million (2009: CHF 2.5 million) due to a breach of the supply and service agreement, whereby the Company states that the products have not received the expected attention from the market.

38. FINANCIAL INSTRUMENTS

38.1 CAPITAL RISK MANAGEMENT

Capital comprises equity attributable to the equity holders of the parent less hedging and revaluation reserves for unrealized gain on net investment plus other equity-linked or equity-like instruments attributable to the parent.

The primary objective of the Group's capital management is to ensure that it maintains an adequate credit rating and sustainable capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of its strategy and the long-term opportunities and costs of each capital source. To maintain or adjust the capital structure, the Group evaluates to adjust dividend payments to shareholders; return capital to shareholders, issue new shares, issue equity-linked instruments or equity-like instruments.

No changes were made in the objectives, policies or processes during 2010 or 2009.

The Group monitors capital using a combination of ratios; including a gearing ratio, cash flow considerations and profitability ratios. As for the gearing the Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations. Capital includes ordinary shares, equity attributable to the equity holders of the parent less hedge reserve for unrealized gain on net investment and other equity-linked or equity-like instruments.

38.1.1 GEARING RATIO

The following ratio compares owner's equity to borrowed funds:

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Cash and cash equivalents	(80.6)	(405.3)
Financial debt, short-term	35.3	216.4
Financial debt, long-term	683.1	798.6
Net debt	**637.8**	**609.7**
Equity attributable to equity holders of the parent	733.7	674.5
Hedging reserves [1]	(98.2)	(85.4)
Total capital	**635.5**	**589.1**
Gearing ratio	**50.1%**	**50.9%**

[1] This position is included in the translation reserves (CHF –100.1 million) as well as in the hedging and revaluation reserves (CHF 1.9 million) in the statement of changes in equity.

The Group did not hold collateral of any sort at the reporting date.

38.2 SIGNIFICANT ACCOUNTING POLICIES

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

38.3 CATEGORIES OF FINANCIAL INSTRUMENTS

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	at FVTPL[1]	Held-to-maturity investments	Subtotal	NON-FINANCIAL ASSETS[3]	TOTAL
AT DECEMBER 31, 2010						
Cash and cash equivalents	80.6	–	–	80.6	–	80.6
Trade and credit card receivables	50.8	–	–	50.8	–	50.8
Other accounts receivable	40.0	0.4	–	40.4	64.5	104.9
Other non-current assets	36.2	–	–	36.2	2.2	38.4
TOTAL	**207.6**	**0.4**	**–**	**208.0**		

IN MILLIONS OF CHF	FINANCIAL LIABILITIES at amortized cost	at FVTOCI[2]	at FVTPL[1]	Subtotal	NON-FINANCIAL LIABILITIES[3]	TOTAL
AT DECEMBER 31, 2010						
Trade payables	203.9	–	–	203.9	–	203.9
Financial debt. short-term	35.3	–	–	35.3	–	35.3
Other liabilities	198.6	2.2	0.1	200.9	21.7	222.6
Financial debt. long-term	683.1	–	–	683.1	–	683.3
Other non-current liabilities	9.4	–	–	9.4	0.2	9.6
TOTAL	**1,130.3**	**2.2**	**0.1**	**1,132.6**		

IN MILLIONS OF CHF	FINANCIAL ASSETS Loans and receivables	NON-FINANCIAL ASSETS[3]	TOTAL
AT DECEMBER 31, 2009			
Cash and cash equivalents	405.3	–	405.3
Trade and credit card receivables	48.2	–	48.2
Other accounts receivable	39.4	68.2	107.6
Other non-current assets	34.3	0.4	34.7
TOTAL	**527.2**		

[1] Financial assets and liabilities at fair value through profit and loss, designated as such upon initital recognition
[2] Financial liabilities at fair value through other comprehensive income
[3] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

IN MILLIONS OF CHF	FINANCIAL LIABILITIES Financial liabilities at amortized costs	NON-FINANCIAL LIABILITIES[3]	TOTAL
AT DECEMBER 31, 2009			
Trade payables	202.0	–	202.0
Financial debt. short-term	216.4	–	216.4
Other liabilities	211.4	24.9	236.3
Financial debt. long-term	798.6	–	798.6
Other non-current liabilities	5.1	–	5.1
TOTAL	**1,433.5**		

[3] Non-financial assets and liabilities comprise prepaid expenses and deferred income, which will not generate a cash outflow or inflow as well as sales tax and other tax positions

38.3.1 NET INCOME BY IAS 39 VALUATION CATEGORY

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
FINANCIAL ASSETS AT DECEMBER 31, 2010				
Interest income (expenses)	4.3	–	–	4.3
Other finance income (expenses)	0.5	–	–	0.5
From interest	**4.8**	**–**	**–**	**4.8**
Fair values gain (loss)	–	0.4	–	0.4
Foreign exchange gain (loss)[1]	(67.5)	–	–	(67.5)
Impairments/allowances[2]	(1.9)	–	–	(1.9)
Total – from subsequent valuation	**(69.4)**	**0.4**	**–**	**(69.0)**
Net income	**(64.6)**	**0.4**	**–**	**(64.2)**

IN MILLIONS OF CHF	AT AMORTIZED COSTS	AT FVTOCI	AT FVTPL	TOTAL
FINANCIAL LIABILITIES AT DECEMBER 31, 2010				
Interest income (expenses)	(36.4)	–	–	(36.4)
Other finance income (expenses)	(0.5)	–	–	(0.5)
From interest	**(36.9)**	**–**	**–**	**(36.9)**
Fair values gain (loss)	–	–	(0.1)	(0.1)
Foreign exchange gain (loss)[1]	67.5	–	–	67.5
Impairments/allowances[2]	–	–	–	–
Total – from subsequent valuation	**67.5**	**–**	**(0.1)**	**67.4**
Net income	**30.6**	**–**	**(0.1)**	**30.5**

[1] This net position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets liabilities through profit and loss

[2] This net position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

IN MILLIONS OF CHF	LOANS AND RECEIVABLES	AT FVTPL	HELD-TO-MATURITY INVESTMENTS	TOTAL
FINANCIAL ASSETS AT DECEMBER 31, 2009				
Interest income (expenses)	5.7	–	–	5.7
Other finance income (expenses)	–	–	–	–
From interest	**5.7**	**–**	**–**	**5.7**
Fair values gain (loss)	–	–	–	–
Foreign exchange gain (loss) [1]	(0.3)	–	–	(0.3)
Impairments / allowances [2]	0.7	–	–	0.7
Total – from subsequent valuation	**0.4**	**–**	**–**	**0.4**
Net income	**6.1**	**–**	**–**	**6.1**

IN MILLIONS OF CHF	AT AMORTIZED COSTS	AT FVTOCI	AT FVTPL	TOTAL
FINANCIAL LIABILITIES AT DECEMBER 31, 2009				
Interest income (expenses)	(45.3)	–	–	(45.3)
Other finance income (expenses)	(0.9)	–	–	(0.9)
From interest	**(46.2)**	**–**	**–**	**(46.2)**
Fair values gain (loss)	–	–	–	–
Foreign exchange gain (loss) [1]	(2.6)	–	–	(2.6)
Impairments / allowances [2]	–	–	–	–
Total – from subsequent valuation	**(2.6)**	**–**	**–**	**(2.6)**
Net income	**(48.8)**	**–**	**–**	**(48.8)**

[1] This position includes the foreign exchange gain (loss) recognized on third party and intercompany financial assets liabilities through profit and loss

[2] This position includes the income from the release of impairments and allowances and recoveries during the period less the increase of impairments and allowances and write-offs

38.4 FINANCIAL RISK MANAGEMENT OBJECTIVES

Dufry has worldwide activities and fluctuations in foreign exchange rates and interest rates affecting Dufry's business. To optimize the allocation of the financial resources across the Group, as well as to minimize any negative impact of financial risks, Group Treasury manages the credit for the Group's operations, and monitors and manages the exposure to financial risks relating to the operations through internal risk reports, which analyze exposures by type and magnitude of risks. The Group monitors the market risk, including foreign currency risk and interest rate risk, as well as credit risk, liquidity risk and capital risk.

The Group seeks to minimize the risk of the fluctuation effects of foreign currencies and interest rates by using appropriate transaction structures and if required, derivative financial instruments to hedge these risk exposures. In accordance with its Treasury policy, the Group did not enter into or trade for speculative purposes financial instruments.

38.5 MARKET RISK

Dufry's financial assets and liabilities are mainly exposed to market risk in foreign currency exchange and interest rates. The Group's objective is to minimize the profit and loss impact and to reduce fluctuations in cash flows through structuring the respective transactions to minimize market risks. In cases, where the associated risk cannot be hedged appropriately through a transaction structure and the evaluation of market risks indicates a material exposure, the Group may use derivative financial instruments to hedge the respective exposure.

The Group may enter into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts, currency swaps and over the counter plain vanilla options.

During the current financial year the Group utilized interest swaps and foreign currency forward contracts for hedging purposes.

The following table shows the contracts or underlying principal amounts and fair values of non speculative derivative financial instruments. Contracts or underlying principal amounts indicate the volume of business outstanding at the balance sheet date. The fair values are determined by reference to market prices or standard pricing models that used observable market inputs at December 31, 2010.

IN THOUSANDS OF CHF	CONTRACT OR UNDERLYING PRINCIPAL AMOUNTS	POSITIVE FAIR VALUES	NEGATIVE FAIR VALUES
AT DECEMBER 31, 2010			
Foreign exchange forward contracts and options	12,198	403	67
Interest rate related instruments [1]	280,560	–	2,192
TOTAL		**403**	**2,259**

[1] Designated as cash flow hedge. The changes in fair value are recognized through other comprehensive income

As of December 31, 2009, there were no open positions.

38.6 FOREIGN CURRENCY RISK MANAGEMENT

Dufry manages the cash flow surplus or deficits of the operations through transactions in the respective local or functional currency. Major imbalances in foreign currencies at Group level are hedged through foreign exchange forwards contracts. The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecast transactions.

38.6.1 FOREIGN CURRENCY SENSITIVITY ANALYSIS

Among various methodologies to analyze and manage risk, Dufry implemented a system based on sensitivity analyses. This tool enables Group Treasury to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

FOREIGN CURRENCY EXPOSURE

IN MILLIONS OF CHF	USD	EURO	BRL	OTHER	TOTAL
AT DECEMBER 31, 2010					
Monetary assets	494.2	115.0	38.2	39.9	687.3
Monetary liabilities	683.9	142.8	43.8	17.8	888.3
NET EXPOSURE [1]	**(189.7)**	**(27.8)**	**(5.6)**	**22.1**	**(201.0)**
AT DECEMBER 31, 2009					
Monetary assets	501.2	118.8	33.6	19.9	673.5
Monetary liabilities	813.1	151.4	10.4	57.8	1,032.7
NET EXPOSURE [1]	**(311.9)**	**(32.6)**	**23.2**	**(37.9)**	**(359.2)**

[1] before hedge of net investments

The sensitivity analysis includes all financial assets and liabilities irrespective of whether the positions are a third party or intercompany. Dufry has considered some intercompany long-term loans, which are not likely to be settled in a foreseeable future as being part of the net investment in such subsidiary. In compliance with the hedge accounting rules (IAS 21 paragraph 15) the related exchange differences are recognized in the statement of comprehensive income and added to the translation reserves.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Group entities. The values and risk disclosed here are the hedged and not hedged positions multiplied by an assumed 5% appreciation of the CHF against all other currencies.

A positive number indicates a profit in the income statement or an increase in the hedging and revaluation reserves where the CHF strengthens against the relevant currency.

IN MILLIONS OF CHF	31.12.2010	31.12.2009
Net earnings – profit (loss) of USD	(5.2)	(1.0)
Other comprehensive income – loss of USD	14.7	16.6
Net earnings – profit (loss) of Euro	1.4	1.7
Other comprehensive income – loss of Euro	–	–

RECONCILIATION TO CATEGORIES OF FINANCIAL INSTRUMENTS

IN MILLIONS OF CHF	31.12.2010	31.12.2009
FINANCIAL ASSETS		
Total financial assets held in foreign currencies (see above)	687.3	673.5
less intercompany financial assets in foreign currencies	**(626.6)**	**(608.3)**
Third party financial assets held in foreign currencies	60.7	65.2
Third party financial assets held in reporting currencies	147.3	462.0
TOTAL THIRD PARTY FINANCIAL ASSETS [1]	**208.0**	**527.2**
FINANCIAL LIABILITIES		
Total financial liabilities held in foreign currencies (see above)	888.3	1,032.7
less intercompany financial liabilities in foreign currencies	**(115.2)**	**(137.0)**
Third party financial liabilities held in foreign currencies	773.1	895.7
Third party financial liabilities held in reporting currencies	359.5	537.8
TOTAL THIRD PARTY FINANCIAL LIABILITIES [1]	**1,132.6**	**1,433.5**

[1] see note 38.3 "categories of financial instruments"

38.6.2 FORWARD FOREIGN EXCHANGE CONTRACTS AT FAIR VALUE

As the management of the company actively pursues to naturally hedge the positions of each operation, the policy of the Group is to enter into forward foreign exchange contracts only where needed.

As at December, 2010 the Group had open contracts with a notional value of CHF 12.2 million. The net gain of CHF 0.3 million resulting from the subsequent valuation at fair values is included as foreign exchange gain/(loss) in the income statement to compensate corresponding foreign exchange positions in the opposite direction. No derivative positions existed at the prior year end.

38.7 INTEREST RATE RISK MANAGEMENT

The Group manages the interest rate risk through interest rate swaps and options to the extent that the hedging cannot be implemented through managing the duration of the debt drawings. The levels of the hedging activities are evaluated regularly and may be adjusted in order to reflect the development of the various parameters.

38.7.1 INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. The risk estimates provided here in assume a simultaneous, parallel shift of 100 basis points of the interest rate of all interest bearing financial positions.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit for the year 2010 would decrease by CHF 6.5 million (2009: decrease by CHF 7.3 million).

38.7.2 INTEREST RATE SWAP CONTRACTS

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

During the second quarter the Group entered into a payer swap agreement with a notional value of USD 300 million which was designated as a cash flow hedge. The net loss of CHF 2.2 million per December 31, 2010 resulting from the subsequent valuation at fair value was recorded in other comprehensive income and does not affect the income statement. No interest derivative positions existed in the preceding period.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

IN THOUSANDS OF CHF	AVERAGE CONTRACTED FIXED INTEREST RATE	NOTIONAL PRINCIPAL VALUE	FAIR VALUE ASSETS (LIABILITIES)
AT DECEMBER 31, 2010			
Less than 1 year	–	–	–
1 to 2 years	99.82%	280,560	2,192
2 to 5 years	–	–	–
5 years +	–	–	–
TOTAL		**280,560**	**2,192**

As of December 31, 2009, there were no contracts outstanding.

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is the 1 month USD LIBOR rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

38.7.3 ALLOCATION OF FINANCIAL ASSETS AND LIABILITIES TO INTEREST CLASSES

	IN %		IN MILLIONS OF CHF				
	Average variable interest rate	Average fixed interest rate	Variable interest rate	Fixed interest Rate	TOTAL interest bearing	Non-interest bearing	TOTAL
AT DECEMBER 31, 2010							
Cash and cash equivalents	0.7%	2.4%	49.0	3.2	52.2	28.4	80.6
Trade and credit card receivables	–	–	–	–	–	50.8	50.8
Other accounts receivable	–	5.8%	–	0.8	0.8	39.6	40.4
Other non-current assets	0.2%	7.2%	2.2	6.4	8.6	27.6	36.2
Financial assets			**51.2**	**10.4**	**61.6**	**146.4**	**208.0**
Trade payables	–	–	–	–	–	203.9	203.9
Financial debt, short-term	2.1%	5.0%	33.0	2.3	35.3	–	35.3
Other liabilities	–	6.8%	–	3.3	3.3	197.6	200.9
Financial debt, long-term	3.0%	4.4%	678.7	4.4	683.1	–	683.1
Other non-current liabilities	–	7.3%	–	6.1	6.1	3.3	9.4
Financial liabilities			**711.7**	**16.1**	**727.8**	**404.8**	**1,132.6**
Net financial liabilities			**660.5**	**5.7**	**666.2**	**258.4**	**924.6**
AT DECEMBER 31, 2009							
Cash and cash equivalents	1.0%	3.0%	386.1	1.3	387.4	17.9	405.3
Trade and credit card receivables	–	–	0.1	–	0.1	48.1	48.2
Other accounts receivable	–	5.0%	0.1	1.2	1.3	38.1	39.4
Other non-current assets	0.2%	6.4%	2.1	5.8	7.9	26.4	34.3
Financial assets			**388.4**	**8.3**	**396.7**	**130.5**	**527.2**
Trade payables	–	–	–	–	–	202.0	202.0
Financial debt, short-term	2.0%	4.8%	212.1	4.3	216.4	–	216.4
Other liabilities	–	–	–	–	–	211.4	211.4
Financial debt, long-term	2.8%	4.6%	794.0	4.6	798.6	–	798.6
Other non-current liabilities	–	6.8%	–	4.4	4.4	0.7	5.1
Financial liabilities			**1,006.1**	**13.3**	**1,019.4**	**414.1**	**1,433.5**
Net financial liabilities			**617.7**	**5.0**	**622.7**	**283.6**	**906.3**

38.8 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in financial loss to the Group.

Most of the Group's sales are retail sales and made against cash, or with internationally recognized credit cards or bank debit cards. Dufry has policies in place to ensure that other sales are only made to customers with an appropriate credit history or that the credit risk is insured adequately. The remaining credit risk is in relation to subtenants of concessions or holders of minority interests.

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are financial institutions with high credit-ratings. The Group does not expect defaults from non-performance of these counterparties.

38.8.1 MAXIMUM CREDIT RISK

The carrying amount of financial assets recorded in the financial statements, after deduction of any allowances for losses, represents the Group's maximum exposure to credit risk.

38.9 LIQUIDITY RISK MANAGEMENT

The group evaluates this risk as the ability to settle its financial liabilities on time and at a reasonable price. Beside its capability to generate cash through its operations, Dufry mitigates liquidity risk by keeping credit facilities with highly rated financial institutions. (See note 32).

38.9.1 REMAINING MATURITIES FOR NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

The following tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities (based on the earliest date on which the Group can be required to pay). The tables include principal and interest cash flows.

IN MILLIONS OF CHF	1–6 MONTHS	6–12 MONTHS	1–2 YEARS	MORE THAN 2 YEARS	TOTAL
AT DECEMBER 31, 2010					
Cash and cash equivalents	80.6	–	–	–	80.6
Trade and credit card receivables	50.8	–	–	–	50.8
Other accounts receivable	39.1	0.8	0.1	–	40.0
Other non-current assets	–	–	0.4	38.3	38.7
TOTAL CASH INFLOWS	**170.5**	**0.8**	**0.5**	**38.3**	**210.1**
Trade payables	203.9	–	–	–	203.9
Financial debt, short-term	35.3	–	–	–	35.3
Other liabilities	192.3	4.0	1.9	0.9	199.1
Financial debt, long-term	44.4	44.4	177.8	433.0	699.6
Other non-current liabilities	–	–	–	9.4	9.4
TOTAL CASH OUTFLOWS	**475.9**	**48.4**	**179.7**	**443.3**	**1,147.3**
AT DECEMBER 31, 2009					
Cash and cash equivalents	404.7	0.6	–	–	405.3
Trade and credit card receivables	48.2	–	–	–	48.2
Other accounts receivable	37.6	1.7	–	–	39.3
Other non-current assets	–	–	0.7	33.4	34.1
TOTAL CASH INFLOWS	**490.5**	**2.3**	**0.7**	**33.4**	**526.9**
Trade payables	202.1	–	–	–	202.1
Financial debt, short-term	216.1	0.4	–	–	216.5
Other liabilities	189.2	9.5	12.7	–	211.4
Financial debt, long-term	38.3	34.0	102.1	642.5	816.9
Other non-current liabilities	1.0	–	2.2	2.6	5.8
TOTAL CASH OUTFLOWS	**646.7**	**43.9**	**117.0**	**645.1**	**1,452.7**

38.9.2 REMAINING MATURITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

IN THOUSANDS OF CHF	LESS THAN 1 MONTH	1–3 MONTHS	3 MONTHS TO 1 YEAR	1–5 YEARS	5+ YEARS
AT DECEMBER 31, 2010					
Net settled:					
– interest rate swaps	(188)	(308)	(1,291)	(280)	–
– foreign exchange forward contracts	–	–	–	–	–
Gross settled:					
– foreign exchange forward contracts	152	186	(16)	–	–
– currency swaps	–	–	–	–	–
TOTAL	**(36)**	**(122)**	**(1,307)**	**(280)**	**–**

As of December 31, 2009, there were no open positions.

38.10 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.10.1 FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	31.12.2010		31.12.2009	
IN MILLIONS OF CHF	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Loans and receivables:				
– credit card receivables	38.5	38.0	38.7	38.3

38.10.2 VALUATION TECHNIQUES AND ASSUMPTIONS APPLIED FOR THE PURPOSES OF MEASURING FAIR VALUE

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38.10.3 FAIR VALUE MEASUREMENTS RECOGNIZED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group held the following financial instruments measured at fair value at the reporting date:

IN THOUSANDS OF CHF	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
AT DECEMBER 31, 2010				
Assets measured at fair value [1]				
Foreign exchange related derivative financial instruments	–	403	–	403
Interest rate related derivative financial instruments	–	–	–	–
Available-for-sale financial assets	–	–	–	–
TOTAL	**–**	**403**	**–**	**403**
Liabilities measured at fair value [2]				
Foreign exchange related derivative financial instruments	–	67	–	67
Interest rate related derivative financial instruments	–	2,192	–	2,192
TOTAL	**–**	**2,259**	**–**	**2,259**

[1] Included in the position "other accounts receivable" in the statement of financial position
[2] Included in the position "other liabilities" in the statement of financial position

As of December 31, 2009, there were no open positions.

During the year ended December 31, 2010, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

MOST IMPORTANT AFFILIATED COMPANIES

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2010	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
EUROPE						
Dufry International Ltd	Basel	Switzerland	H	100	1,000	CHF
Dufry Holdings & Investments AG	Basel	Switzerland	H	100	1,000	CHF
Dufry Basel-Mulhouse Ltd	Basel (Mulhouse)	Switzerland	R	100	100	CHF
Dufry Samnaun Ltd	Samnaun	Switzerland	R	100	100	CHF
Dufrital SpA	Milan	Italy	R	60	258	EUR
Cid Italia SpA	Milan	Italy	R	60	208	EUR
Dufry Italia SpA	Milan	Italy	R	100	251	EUR
Network Italia Edicole	Milan	Italy	R	100	20	EUR
Food Village (Schiphol) BV	Amsterdam	Netherlands	R	100	681	EUR
Dufry Islas Canarias SL	Tenerife	Spain	R	100	333	EUR
Dufry France SA	Nice	France	R	100	1,000	EUR
Dufry Hellas Ltd	Athens	Greece	R	99	147	EUR
AFRICA						
Dufry Tunisie SA	Tunis	Tunisia	R	100	2,300	EUR
Dufry Côte d'Ivoire SA	Abidjan	Ivory Coast	R	100	2,810	EUR
Dufry & G.T.D.C. Ltd	Accra	Ghana	R	63	413	USD
Dufry Maroc Sarl	Casablanca	Morocco	R	80	2,500	MAD
Dufry Aeroport d'Alger Sarl	Alger	Algeria	R	80	140,000	DZD
Dufry Egypt LLC	Sharm-el-Sheikh	Egypt	R	80	450	USD
EURASIA						
Dufry East OOO	Moscow	Russia	R	100	712	USD
Dufry Moscow Sheremetyevo	Moscow	Russia	R	69	420	USD
Dufry Singapore Pte. Ltd.	Singapore	Singapore	R	100	13,300	SGD
Dufry Cambodia Ltd	Phnom Pen	Cambodia	R	80	1,231	USD
Dufry (Shanghai) Commercial Co. Ltd.	Shanghai	China	R	100	3,072	CNY
Dufry Sharjah Fzc	Sharjah	U. Arab Emirates	R	51	2,054	AED
Dufry d.o.o.	Belgrade	Serbia	R	100	693,078	RSD
CENTRAL AMERICA & CARIBBEAN						
Dufry Mexico SA de CV	Mexico City	Mexico	R	100	27,429	USD
Alliance Duty Free, Inc.	San Juan	Puerto Rico	R	100	2,213	USD
Dufry Aruba N.V.	Oranjestad	Aruba	R	80	1,000	USD
Inversiones Tunc, SA	Santo Domingo	Dominican Republic	R	100	0	USD
Duty Free Caribbean Ltd	Bridgetown	Barbados	R	60	5,000	USD
Flagship Retail Services Inc.	Charlestown	St. Kitts & Nevis	R	100	0	USD
Colombian Emeralds International (Barbados)	Bridgetown	Barbados	R	60	1,500	USD

H = Holding R = Retail D = Distribution Center

AS OF DECEMBER 31, 2010	LOCATION	COUNTRY	TYPE	OWNERSHIP IN %	SHARE CAPITAL IN THOUSANDS	CURRENCY
SOUTH AMERICA						
Dufry do Brasil Duty Free Shop Ltda.	Rio de Janeiro	Brazil	R	100	4,146	USD
EMAC Comercio Importaçao Ltda	Rio de Janeiro	Brazil	R	100	9,858	BRL
Dufry Bolivia S.A.	La Paz	Bolivia	R	100	356	USD
NORTH AMERICA						
Dufry America, Inc.	Miami	USA	H	100	5	USD
Hudson News Company Inc.	East Rutherford	USA	H/R	100	0	USD
Dufry Newark, Inc.	Newark	USA	R	100	1,501	USD
Hudson-NEU-Newark C, JV	Newark	USA	R	80	0	USD
Airport Management Services, LLC	New York	USA	H/R	100	0	USD
AMS-Olympic Nashville, JV	Nashville	USA	R	83	0	USD
Hudson News O'Hare, JV	Springfield	USA	R	70	0	USD
Hudson Retail-Neu News JV	New York	USA	R	80	0	USD
JFK Air Ventures	New York	USA	R	80	0	USD
National Air Ventures	Dallas	USA	R	70	0	USD
Seattle Air Ventures	Olympia	USA	R	75	0	USD
AMS-TEI Miami, JV	Miami	USA	R	70	0	USD
AMS-Hudson Las Vegas, JV	Las Vegas	USA	R	73	0	USD
Hudson Group Canada, Inc.	Vancouver	Canada	R	100	0	CAD
DISTRIBUTION CENTERS						
Dufry Travel Retail Ltd	Basel	Switzerland	D	100	5,000	CHF
Dufry America Services, Inc.	Miami	USA	D	100	398	USD
Eurotrade Corporation (II) Limited	Hamilton	Bermuda	D	100	5,580	USD

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To the General Meeting of

Dufry AG, Basel

Basel, 10 March 2011

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Dufry AG, Basel, which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 84 to 157) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation

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of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento
Licensed audit expert
(Auditor in charge)

Patrick Fawer
Licensed audit expert

INCOME STATEMENT

IN THOUSANDS OF CHF	2010	2009
Dividend income	91,000	10,000
Financial income	17,622	4,954
Management and franchise fees income	11,380	1,784
TOTAL INCOME	**120,002**	**16,738**
Personnel expenses	24,004	14,483
General and administrative expenses	3,484	1,868
Management and franchise fee expenses	9,096	7,663
Amortization	–	4,690
Transaction and project costs	22,424	–
Financial expenses	5,865	971
Taxes	632	947
TOTAL EXPENSES	**65,505**	**30,622**
NET EARNINGS	**54,497**	**(13,884)**

STATEMENT OF FINANCIAL POSITION

ASSETS

IN THOUSANDS OF CHF	31.12.2010	31.12.2009
Cash and cash equivalents	39	21
Marketable securities	36,948	18,662
Receivables intercompany	267,135	116,309
Receivables – third party	77	117
Other current assets	26	1,208
Current assets	**304,225**	**136,317**
Investments	1,185,228	742,189
Non-current assets	**1,185,228**	**742,189**
TOTAL ASSETS	**1,489,453**	**878,506**

LIABILITIES AND SHAREHOLDERS' EQUITY

IN THOUSANDS OF CHF	31.12.2010	31.12.2009
Payables – intercompany	243,311	308,679
Payables – related party	280	209
Payables – third party	1,082	1,399
Other current liabilities	40,317	22,233
Current liabilities	**284,990**	**332,520**
TOTAL LIABILITIES	**284,990**	**332,520**
Share capital	134,881	96,070
Legal reserves		
Share premium (capital contribution reserves)	975,061	409,892
General reserves	3,600	3,600
Reserve for treasury shares	28,704	18,152
Available earnings	62,217	18,272
Shareholders' equity	**1,204,463**	**545,986**
TOTAL LIABILITES AND SHAREHOLDERS' EQUITY	**1,489,453**	**878,506**

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT INVESTMENTS

All investments of Dufry AG are in Switzerland and consist of:
- Dufry International AG, a fully owned subsidiary with a book value of CHF 455,453 thousand (2009: CHF 455,453 thousand) and a share capital of CHF 1,000 thousand (2009: CHF 1,000 thousand)
- Dufry Management AG, a fully owned subsidiary with a book value of CHF 100 thousand (2009: CHF 100 thousand) and a share capital of CHF 100 thousand (2009: CHF 100 thousand)
- Dufry Corporate AG, a fully owned subsidiary with a book value of CHF 100 thousand (2009: CHF 100 thousand) and a share capital of CHF 100 thousand (2009: CHF 100 thousand)
- Dufry Holdings & Investments AG, a fully owned subsidiary with a book value of CHF 729,575 thousand (2009: CHF 510 thousand) a share capital of CHF 1,000 thousand (2009: CHF 510 thousand)

A dividend of CHF 91 million approved at the Shareholders' Meeting of Dufry Holdings & Investments AG held on February 11, 2011, has been recognized as financial income of the period.

2. GUARANTEE COMMITMENT REGARDING SWISS VALUE ADDED TAX (VAT)

The following companies constitute a group for the Swiss Federal Tax Administration Main division VAT:
- DUFRY International AG
- DUFRY Travel Retail AG
- DUFRY Samnaun AG
- DUFRY Participations AG
- DUFRY Russia Holding AG
- DUFRY Basel Mulhouse AG
- DUFRY Management AG
- DUFRY Corporate AG
- DUFRY Holdings & Investments AG
- DUFRY AG

DUFRY AG is jointly and severally liable for the Value Added Tax owed by this specific group.

3. SIGNIFICANT SHAREHOLDERS' PARTICIPATION

IN %	31.12.2010	31.12.2009
Group of shareholders consisting of: Travel Retail Investment SCA, Luxembourg Global Retail Group S.à r.l., Luxembourg	22.62%	47.03%
Artio Global Management LLC	7.07%	–
Credit Suisse Group AG	4.99%	
Skopos Administradora de Recursos Ltda and Skopos Invest Administradora de Recursos International Ltda.	4.43%	
The Capital Group Companies, Inc.	4.21%	
Hudson Media Inc., East Rutherford, USA	4.28%	6.01%
Wellington Management Company LLP, Boston, USA	[1]	9.84%

[1] This participation fell below the reporting threshold

4. AUTHORIZED AND CONDITIONAL SHARE CAPITAL

As of December 31, 2010 and December 31, 2009 Dufry AG had a conditional share capital of 567,296 shares or CHF 2.8 million, and there was no authorized share capital.

On March 22, 2010 the Extraordinary General Shareholders' meeting of Dufry AG approved the increase of registered share capital by CHF 38,811,245 from CHF 96,069,770 to CHF 134,881,015 by the issuance of 7,762,249 new registered shares, each with a par value of CHF 5. The new share capital of CHF 38,811,245 was settled by a contribution in kind consisting of 4,896 registered shares of Dufry Holdings & Investments AG, Basel with a nominal value of CHF 100 each. The value of the contribution in kind amounts to CHF 604.0 million.

5. TREASURY SHARES

	NUMBER OF SHARES	IN THOUSANDS OF CHF
At January 1, 2009	**106,750**	**3,090**
Assigned to holders of RSU-awards	(105,416)	(3,051)
Share purchases	267,800	18,066
Revaluation	–	557
At December 31, 2009	**269,134**	**18,662**
Assigned to holders of RSU-awards	(266,810)	(18,501)
Share purchases	286,735	28,539
Revaluation	–	8,248
At December 31, 2010	**289,059**	**36,948**

6. ENTERPRISE RISK MANAGEMENT

In accordance with the article 663b of the Swiss Code of Obligations the Board of Directors of Dufry AG reviewed and assessed the risk areas of the Group and where necessary, updated the key controls performed to ensure an adequate risk monitoring.

7. PLEDGED ASSETS

Dufry AG has presented the shares of Dufry Holdings & Investments AG with a book value of CHF 729.6 million as a pledge for the bank facilities of its subsidiary Dufry International AG. During the years 2010 and 2009 Dufry has complied with all the required bank covenants.

8. COMPENSATION, PARTICIPATIONS AND LOANS TO THE MEMBERS OF THE BOARD OF DIRECTORS AND THE GROUP EXECUTIVE COMMITTEE (DISCLOSURE ACCORDING TO SWISS CODE OF OBLIGATIONS 663B)

PARTICIPATIONS IN DUFRY AG

On December 31, 2010, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares / number of share options (restricted stock units) / percentage participation in Dufry AG: Mr. Mario Fontana, Member 3,893 / 0 / 0.01%; Mr. Andrés Holzer Neumann, Member 2,259,125 / 0 / 8.37% (which includes 2,151,913 shares held by Petrus PTE Ltd); Mr. Joaquín Moya-Angeler Cabrera, Member 15,390 / 0 / 0.06%; Mr. James Cohen, Member 1,154,677 / 0 / 4.28% held through Hudson Media, Inc.; Mr. Julián Díaz González, Chief Executive Officer 39,350 / 33,250 / 0.27%; Mr. Xavier Rossinyol, Chief Financial Officer 23,000 / 22,000 / 0.17%; Mr. José Antonio Gea, Global Chief Operating Officer 35,200 / 22,000 / 0.21%; Mr. Pascal C. Duclos, Chief Legal Officer 0 / 17,500 / 0.06%; Mr. Miguel Ángel Martínez, COO Region Africa 5,000 / 8,500 / 0.05%; Mr. René Riedi, COO Region Eurasia 1,500 / 8,500 / 0.04%; Mr. José H. González, COO Region Central America & Caribbean 6,550 / 8,500 / 0.06%; Mr. José Carlos Costa Da Silva Rosa, COO Region South America 0 / 8,500 / 0.03% and Mr. Joseph DiDomizio, COO Region North America 9,520 / 14,000 / 0.09%. The remaining members of the Board of Directors or the Group Executive Committee had no participation on December 31, 2010.

On December 31, 2009, the following members of the Board of Directors and Group Executive Committee (including closely related parties) held the following number of shares/number of share options (restricted stock units)/percentage participation in Dufry AG: Mr. Mario Fontana, Member 3,893/0/0.02%; Mr. Andrés Holzer Neumann, Member 2,278,271/0/11.86% (which includes 2,151,913 shares held by Petrus PTE Ltd); Mr. Joaquín Moya-Angeler Cabrera, Member 20,390/0/0.11%; Mr. James Cohen, Member 1,154,677/0/6.01% (which includes 1,154,677 shares held by Hudson Media Inc.); Mr. Julián Díaz González, Chief Executive Officer 37,600/33,250/0.37%; Mr. Xavier Rossinyol, Chief Financial Officer 23,950/22,000/0.24%; Mr. José Antonio Gea, Global Chief Operating Officer 23,200/22,000/0.24%; Mr. Pascal C. Duclos, Chief Legal Officer 0/17,500/0.09%; Mr. Miguel Ángel Martínez, COO Region Africa 10,000/8,500/0.10%; Mr. René Riedi, COO Region Eurasia 10,000/8,500/0.10%; Mr. José H. González, COO Region Central America & Caribbean 11,500/8,500/0.10% and Mr. Joseph DiDomizio, COO Region North America 0/14,000/0.07%. The remaining members of the Board of Directors or the Group Executive Committee had no participation on December 31, 2009.

All these participations are reported in accordance with the regulations of the Federal Act on Stock Exchanges and Securities Trading (SESTA), in force since December 1, 2007, showing the participation (including restricted stock units) as a percentage of the number of outstanding registered shares on December 31, 2010 and December 31, 2009, respectively.

9. COMPENSATION OF MEMBERS OF THE BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

(Amounts are expressed in 000 CHF)

In 2010 Dufry paid to its non-executive members of the Board of Directors fees in total amount of CHF 914 (to Mr. Jorge Born, member CHF 63; to Mr. Xavier Bouton, member CHF 100; to Mr. James Cohen, member CHF 100; to Mr. José Lucas Ferreira de Melo, member CHF 63; to Mr. Mario Fontana, member CHF 175; to Mr. Andrés Holzer Neumann, member CHF 175; to Mr. Maurizio Mauro, member CHF 63; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 175). In addition to these fees Mr. Xavier Bouton received CHF 250 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations amounted to CHF 55 in total (to Mr. Jorge Born, member CHF 3.8; to Mr. Xavier Bouton, member CHF 6; to Mr. James Cohen, member CHF 6; to Mr. José Lucas Ferreira de Melo, member CHF 3.8; to Mr. Mario Fontana, member CHF 10.6; to Mr. Andrés Holzer Neumann, member CHF 10.6; to Mr. Maurizio Mauro, member CHF 3.8; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 10.6. Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 1,219 in total (to Mr. Jorge Born, member CHF 67.1; to Mr. Xavier Bouton, member CHF 356.0; to Mr. James Cohen, member CHF 106.0; to Mr. José Lucas Ferreira de Melo, member CHF 67.1; to Mr. Mario Fontana, member CHF 185.6; to Mr. Andrés Holzer Neumann, member CHF 185.6; to Mr. Maurizio Mauro, member CHF 67.1; to Mr. Joaquín Moya-Angeler Cabrera, member CHF 185.6).

In 2009, Dufry paid to its non-executive members of the Board of Directors fees in a total amount of CHF 688 (to Mr. Xavier Bouton, Member CHF 100; to Mr. Mario Fontana, Member CHF 175; to Mr. Andrés Holzer Neumann, Member CHF 175; to Mr. Joaquín Moya-Angeler Cabrera, Member CHF 175; to Mr. James Cohen, Member CHF 63). In addition to these fees Mr. Xavier Bouton received CHF 250 for strategic consulting services provided to the Group during the year. The social charges related to these fees are calculated in accordance with the local regulations applicable in the domicile of each Board member amounted to CHF 41.6 in total (to Mr. Mario Fontana, Member CHF 10.6 and to Mr. Andrés Holzer Neumann, Member CHF 10.6, to Mr. James Cohen, Member CHF 3.8, to Mr. Joaquín Moya Angeler CHF 10.6 and to Mr. Xavier Bouton CHF 6.1). Finally, the total compensation to the non-executive members of the Board of Directors amounted to CHF 980 in total (to Mr. Xavier Bouton, Member CHF 355; to Mr. Mario Fontana, Member CHF 186; to Mr. James Cohen CHF 67; to Mr. Andrés Holzer Neumann, Member CHF 186; to Mr. Joaquín Moya-Angeler Cabrera, Member CHF 186).

In the years 2010 and 2009 there were no other compensations paid directly or indirectly to active or former members of the Board of Directors and there are also no loans or guarantees received or provided to these Board members, nor to their related parties.

In 2010 the compensations to the ten members of the Group Executive Committee was of CHF 14,630 in total made of 142,750 unvested restricted share units of Dufry AG and a cash compensation of CHF 8,740 (Basic salary CHF 4,551, bonus CHF 2,237, allowances in kind CHF 498, social benefits CHF 1,454). Included in these figures is the compensation paid to Mr. Julián Díaz González, the Chief Executive Officer, who received in total a compensation of CHF 2,979 made of 33,250 unvested restricted share units and a cash compensation of CHF 1,608 (Basic salary CHF 941, bonus CHF 293, allowances in kind CHF 32 and social benefits CHF 342).

In 2009, the compensations to the ten members of the Group Executive Committee amounted to CHF 10,470 in total made of 134,250 unvested restricted share units of Dufry AG and 13,478 of Dufry South America Ltd and a cash compensation of CHF 7,983 (Basic salary CHF 5,017, bonus CHF 1,340, allowances in kind CHF 492, Social benefits CHF 1,134). Included in these figures is the compensation paid to Mr. Julián Díaz González, Chief Executive Officer, who received a total compensation of CHF 2,173 made of 33,250 unvested restricted share units and a cash compensation of CHF 1,628 (Basic salary CHF 1,136, bonus CHF 270, allowances in kind CHF 44 and social benefits CHF 178).

In the years 2010 and 2009 there were no other compensations paid directly or indirectly to active or former members of the Group Executive Committee, nor to their related parties and there are also no loans or guarantees received or provided to these members, nor to their related parties.

For details regarding conditions of Restricted Stock Unit (RSU) Plan refer to note 30 of the consolidated financial statements.

10. APPROPRIATION OF AVAILABLE EARNINGS

IN THOUSANDS OF CHF	2010	2009
Retained earnings	18,272	41,200
Movement in legal reserves	(10,552)	(9,044)
Net earnings for the year	54,497	(13,884)
Available earnings at December 31	**62,217**	**18,272**
To be carried forward	**62,217**	**18,272**

ERNST & YOUNG

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To the General Meeting of

Dufry AG, Basel

Basel, 10 March 2011

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Dufry AG, Basel, which comprise the statement of financial position, income statement and notes (pages 160 to 165) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Bruno Chiomento
Licensed audit expert
(Auditor in charge)

Patrick Fawer
Licensed audit expert

INFORMATION FOR INVESTORS AND MEDIA

TICKER DETAILS DUFRY SHARES

Listing	SIX Swiss Exchange
Type of security	Registered shares
Ticker Symbol	DUFN
ISIN-No.	CH 0 023 405 456
Swiss Security-No.	2 340 545
Reuters	DUFN.S
Bloomberg	DUFN SW

TICKER DETAILS DUFRY BDR

Listing	BM&FBOVESPA
Type of security	Brazilian Depositary Receipts (BDRs)
Ticker Symbol	DAGB11
ISIN-No.	BRDAGBBDR008
Reuters	DUFB11.SA
Bloomberg	DUFB11.BZ

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ANTICIPATED KEY DATES IN 2011 / 2012

May 11, 2011	Annual General Meeting
May 17, 2011	Results First Quarter 2011
August 11, 2011	Results First Half Year 2011
November 16, 2011	Results First Nine Months 2011
March 14, 2012	Results Fiscal Year 2011

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This Annual Report contains certain forward-looking statements, which can be identified by terms like "believe", "assume", "expect" or similar expressions, or implied discussions regarding potential new projects or potential future revenues, or discussions of strategy, plans or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. All forward-looking statements are based only on data available to Dufry at the time of preparation of this Annual Report. Dufry does not undertake any obligation to update any forward-looking statements contained in this Annual Report as a result of new information, future events or otherwise.

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GLOBAL PRESENCE

EUROPE

Italy: Bergamo, Genoa, Milan-Malpensa, Milan-Linate, Central Milan, Naples, Rome-Fiumicino, Rome-Termini, Turin, Venice, Verona
France: Nice, Pointe-à-Pitre
Spain: Tenerife
Switzerland: Basel-Mulhouse, Samnaun
Netherlands: Amsterdam
Greece: Diagoras, Eptanisos, Patras-Blue Star Ferries, Patras-Superfast Ferries, Piraeus-Blue Star Ferries
Czech Republic: Prague-Ruzyne

AFRICA

Tunisia: Djerba, Monastir, Sfax, Tabarka, Tozeur, Tunis
Egypt: Borg El Arab, Sharm-el-Sheikh
Algeria: Algiers
Morocco: Agadir, Casablanca, Dakhla, Essaouira, Fez, Oujda, Tanger, Marrakech, Rabat
Ghana: Accra
Ivory Coast: Abidjan

EURASIA

Russian Federation: Moscow-Domodedovo, Moscow-Sheremetyevo
United Arab Emirates: Sharjah
Singapore: Singapore
Cambodia: Phnom Penh, Siem Reap
Serbia: Belgrade
China: Shanghai

CENTRAL AMERICA & CARIBBEAN

Mexico: Acapulco, Cancun, Cozumel, Guadalajara, Ixtapa, Laredo, Leon, Los Cabos, Mazatlan, Mexico City, Monterrey, Progreso, Puerto Vallarta, Reynosa
Caribbean Islands: Aruba, Antigua, Bahamas, Barbados, Bonaire, Curaçao, Dominican Republic, Grand Turk, Grenada, Jamaica, Puerto Rico, St Lucia, St Maarten, St Thomas, Trinidad
Nicaragua: El Espino, Guasaule, Las Manos, Managua, Peñas Blancas
Honduras: Roatan
Cruise Lines: on-board of ships of Norwegian Cruise Lines

SOUTH AMERICA

Brazil: Belém, Belo Horizonte, Brasilia, Florianopolis, Fortaleza, Natal, Porto Alegre, Recife, Rio de Janeiro, Sao Paulo, Salvador
Bolivia: La Paz, Santa Cruz

NORTH AMERICA

Canada: Calgary, Edmonton, Halifax, Vancouver
United States: Over 60 US cities including Albuquerque, Anchorage, Baltimore, Boston, Charleston, Chicago, Cleveland, Dallas, Denver, Ft Lauderdale, Houston, Las Vegas, Los Angeles, Manchester, Memphis, Miami, Nashville, New Orleans, New York, Newark, Norfolk, Omaha, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Richmond, San Francisco, San José, Santa Ana, Seattle, Washington